

UNCLASSIFIED

Security Classification This Page

REPORT DOCUMENTATION PAGE

AD-A310 924

1. Report Security Classification: UNCLASSIFIED			
2. Security Classification Authority: N/A			
3. Declassification/Downgrading Schedule: N/A			
4. Distribution/Availability of Report: UNLIMITED			
5. Name of Performing Organization: ADVANCED RESEARCH DEPARTMENT			
6. Office Symbol: 1C		7. Address: NAVAL WAR COLLEGE, 686 CUSHING RD. NEWPORT, RI 02841-5010	
8. Title (Include Security Classification): CONGRESSIONAL BUDGET COMMITTEES AND THEIR IMPACT ON THE DEPARTMENT OF DEFENSE			
9. Personal Authors: CARLOS DEL TORO, LCDR, USN			
10. Type of Report: Final		11. Date of Report: 14 JUN 96	
12. Page Count:			
13. Supplementary Notation: A paper submitted to the Faculty of the Naval War College in partial satisfaction of the requirements of the Department of Advanced Research. The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.			
14. Ten key words that relate to your paper: DoD, Congress, Budget, Senate, House, Committees, Legislative Liaison, Authorizations, Appropriations.			
15. Abstract: Having altered the dynamics of the budget process since 1974, the Senate and House Budget Committees play an increasingly important and influential role in defense budgeting. This research analyzes the economic and political forces that created budget committees, explores the relationships between key players in the budget process, and defines the implications for DoD.			
16. Distribution/Availability of Abstract: A	Unclassified	Same As Rpt	DTIC Users
18. Abstract Security Classification: UNCLASSIFIED			
19. Name of Responsible Individual: Chairman, Department of Advanced Research			
20. Telephone: (401) 841-3304		21. Office Symbol: 1C	

Security Classification of This Page UNCLASSIFIED

1996 0724 051



DEPARTMENT OF THE NAVY
NAVAL WAR COLLEGE
686 CUSHING RD
NEWPORT RHODE ISLAND 02841-1207

30 September 1996

In reply refer to
Lib. File No. 64-96

MEMORANDUM

From: M. Maguire, Library Department
To: N. Walton, Defense Technical Information Center

Subj: SUBSTITUTE RESEARCH PAPER

Encl: Research paper of LCDR Carlos Del Toro, USN

1. The enclosed research paper, "Congressional Budget Committees and Their Impact on the Department of Defense," by LCDR Carlos Del Toro, USN is forwarded as a revised edition of the copy that had been previously sent to DTIC. The AD number for the copy held by DTIC is A310 924. Please substitute this copy for the one you now hold.

2. If you have any questions, please contact me at DSN 948-3397. If the paper is assigned another AD #, please let me know.

Marie L. Maguire

MARIE L. MAGUIRE
Administrative Assistant

Naval War College
Newport, R.I.

**Congressional Budget Committees
and Their Impact on the
Department of Defense**

by

Carlos Del Toro
Lieutenant Commander, USN

As an Advanced Research Project

A paper submitted to the Director of the Advanced Research Department in the Center for Naval Warfare Studies in partial satisfaction of the requirements for the Master of Arts Degree in National Security and Strategic Studies.

The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College or the Department of the Navy.

Signature: Carlos Del Toro

26 May 1996

Paper directed by
John B. Hattendorf, D. Phil.
Director, Advanced Research Department

Faculty Advisors:

Dr. Robert S. Wood
Dean, Center for Naval Warfare Studies

Dr. Steven O. Fought
Naval War College

Approved by:

Robert S. Wood
Robert S. Wood

5.28.96
Date

Stephen O. Fought
Stephen O. Fought

28 May 96
Date

ACKNOWLEDGMENTS

The author extends his gratitude to Dr. Robert S. Wood, Dean of the Center for Naval Warfare Studies; Dr. Stephen O. Fought, Chairman of the Rational Decision-making Division of the National Security Decision-making Department; and Dr. John B. Hattendorf, Ernest J. King Professor of Maritime History at the Naval War College. As the author's three principal advisors, they graciously provided the unique and invaluable insight that made this project possible. The author is further indebted to Commander William Burns, and Barbara Prisk for the assistance and advice they provided during the research and writing process. It is also necessary to thank the faculty and staff of the Naval War College for the superb education provided throughout this past year. Particular thanks are extended to Professors Alberto R. Coll, and Donald R. Hickey; Captains Thomas P. Gallagher, David R. Carrington, John J. Langer, and John E. Odegaard; LCOL Martin L. Robbins and CDR James J. O'Rourke. The author was most privileged to have been a student of Dr. Robert S. Wood, who inspired the author to pursue advanced research at the Naval War College.

The author also wishes to express his gratitude to the Members of Congress and their staff, as well as numerous officials in the Department of Defense, who were gracious enough to share their insight and experience in interviews with the author. While many of these individuals were promised and provided anonymity, their contributions to this thesis are greatly appreciated. Finally, the author owes his greatest thanks to his wife and children. Their dedication to this project far exceeded the limits of reasonable expectations. Thank You.

TABLE OF CONTENTS

ACKNOWLEDGMENTS.....	ii
TABLE OF CONTENTS.....	iii
LIST OF ILLUSTRATIONS.....	iv
LIST OF TABLES.....	v
GLOSSARY.....	vi
EXECUTIVE SUMMARY	x
DEDICATION	xii
INTRODUCTION.....	1
PART I: THE POWER OF THE PURSE.....	7
CHAPTER 1 CONSTITUTIONAL CONFLICT	8
CHAPTER 2 BUDGETARY POLITICS: A HISTORICAL ANALYSIS (1700's-1974)	16
<i>Colonial Budgeting</i>	16
<i>A Conservative Beginning</i>	17
<i>The Decline of Congressional Influence</i>	18
<i>The Road to Disaster</i>	20
<i>An Entitled Society</i>	21
<i>Partisan Politics</i>	23
<i>The Budget Act of 1974</i>	24
CHAPTER 3 A BUDGETING DILEMMA (1975-1997).....	29
<i>Post-Reform Tension</i>	30
<i>Institutional Differences</i>	33
<i>Budgetary Impact</i>	34
<i>The Reagan Revolution</i>	36
<i>Gramm-Rudman-Hollings I & II</i>	47
<i>The Budget Enforcement Act of 1990</i>	52
<i>Recent Changes to the Budget Process</i>	56
PART II: THE POLITICS OF SHARED POWER: CONGRESS AND DOD.....	59
CHAPTER 4 THE STRUGGLE FOR POWER: COMMITTEES AT WORK	60
CHAPTER 5 THE ROLE OF LEADERSHIP.....	70
CHAPTER 6 CONGRESSIONAL BUDGET COMMITTEES	75
CHAPTER 7 THE CARDINALS OF CAPITOL HILL	83
CHAPTER 8 THE RELEVANCE OF AUTHORIZERS	91
CHAPTER 9 THE CONGRESSIONAL STRUGGLE FOR RESOURCES: THE IMPLICATION FOR DEFENSE	97
CHAPTER 10 SUMMARY AND CONCLUSION.....	110
WORKS CITED	115

LIST OF ILLUSTRATIONS

FIGURE	PAGE
1. 1997 PROPOSED SPENDING BY CATEGORY: NATIONAL DEFENSE.....	63
2. TOTAL FEDERAL OUTLAYS, FY 1962-2002	97
3. DOMESTIC DISCRETIONARY, DEFENSE AND MANDATORY OUTLAYS, CUMULATIVE REAL CHANGES FY 1990-1999	98
4. NATIONAL DEFENSE BUDGET AUTHORITY AND OUTLAYS FOR FISCAL YEARS 1980-1996	100
5. DOD TOA, FY 1974-1997	101
6. ACTIVE DUTY END-STRENGTH (FY1950-2000)	101
7. TANK PROCUREMENT (1974-1997).....	102
8. MISSILE PROCUREMENT (1974-1997)	103
9. TACTICAL AIRCRAFT PROCUREMENT (1974-1997).....	103
10. SHIP PROCUREMENT.....	104

LIST OF TABLES

TABLE	PAGE
1. FEDERAL EXPENDITURES, FISCAL YEARS 1800, 1825, AND 1860	18
2. SUMMARY OF OUTSTANDING FEDERAL AND FEDERALLY ASSISTED CREDIT	22
3. ORIGINAL AND REVISED DEFICIT TARGETS	52
4. DISCRETIONARY SPENDING LIMITS: FISCAL YEARS 1991-1995	54
5. ESTIMATED DISCRETIONARY SPENDING LIMITS: FY 1995-FY1998	54
6. DISCRETIONARY SPENDING LIMITS: FISCAL YEARS 1994-1998	56
7. CONGRESSIONAL ACTION ON ANNUAL NATIONAL DEFENSE BUDGET REQUESTS	89
8. BOTTOM-UP REVIEW FORCE STRUCTURE	105

GLOSSARY

ALLOCATION: In executive budgeting, allocations are budget authorities or other resources transferred to another account to carry out the purposes of the parent account.

APPROPRIATION: An act of Congress that permits federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. Appropriations are one form of budget authority.

APPROPRIATION ACT: A statute that provides funds for federal programs. An appropriation act generally follows enactment of authorizing legislation unless the authorizing legislation itself provides the budget authority.

AUTHORIZATION (AUTHORIZING LEGISLATION): Substantive legislation enacted by Congress that sets up or continues legal operation of a federal program or agency either indefinitely or for a specific period of time or sanctions a particular type of obligation or expenditure within a program. Authorizing legislation is usually a prerequisite for subsequent appropriations or other kinds of budget authority to be contained in appropriation acts. Such legislation may limit the amount of budget authority to be provided subsequently or may authorize the appropriation of "such sums as may be necessary." Budget authority may be provided in the authorization which eliminates the need for subsequent appropriations or requires only an appropriation to liquidate contract authority or reduce outstanding debt.

BALANCED BUDGET: A budget in which receipts equal or exceed outlays.

BUDGET AMENDMENT: A formal request submitted to the Congress by the president, after his formal budget transmittal but prior to completion of appropriation action by the Congress, that revises previous requests, such as the amount of budget authority.

BUDGET AUTHORITY: Authority provided by law to enter into obligations that will result in immediate or future outlays involving federal government funds. Budget authority does not include authority to insure or guarantee the repayment of indebtedness incurred by any person or government. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority may be classified by the period of availability (one-year, multi-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).

CONCURRENT RESOLUTION ON THE BUDGET: Under the Congressional Budget Act of 1974, a resolution passed by both houses of Congress, but not requiring the signature of the president, which sets forth, reaffirms, or revises the congressional budget for the United States government for a fiscal year. The Balanced Budget Act of 1985 requires one annual budget resolution, with action by both houses scheduled to be completed by April 15.

CONTINUING RESOLUTION: Legislation enacted by the Congress to provide budget authority for specific ongoing activities in cases where the regular fiscal year appropriations for such activities have not been enacted by the beginning of the fiscal year. The continuing resolution usually specifies a maximum rate at which the agency may incur obligations, based on the rate of the prior year, the president's budget request or an appropriation bill passed by either or both houses of Congress.

DEFERRAL OF BUDGET AUTHORITY: Any action or inaction by an officer or employee of the United States government that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority, including authority to obligate by contract in advance of appropriations as specifically authorized by law and including the establishment of reserves under the Antideficiency Act as amended by the Impoundment Control Act. The president must provide a special message to the Congress reporting a proposed deferral of budget authority. Deferrals may not extend beyond the end of the fiscal year in which the message reporting the deferral is transmitted. Deferrals can be overturned only by Congress passing a law, which the president must sign.

DIRECT SPENDING: Budget Authority and ensuing outlays provided in laws other than appropriations acts, including annually appropriated entitlements. Direct spending is distinguished by the Budget Enforcement Act of 1990 from discretionary spending. Direct spending is subject to PAY-AS-YOU-GO rules.

DISCRETIONARY SPENDING: Budget authority, other than appropriated entitlements, and ensuing outlays provided in annual appropriations acts. The budget Enforcement Act sets limits or caps on discretionary budget authority and outlays.

EARMARKING: Earmarked revenues are dedicated by law for a specific purpose or program. Earmarked expenditures are appropriations dedicated by an appropriations act or the accompanying committee report to a particular project or activity.

ENTITLEMENTS: Legislation that requires the payment of benefits to any person or unit of government that meets the eligibility requirements established by such law. Authorization for entitlements constitute a binding obligation on the part of the federal government, and eligible recipients have legal recourse if the obligation is not filled.

FISCAL POLICY: Federal government policies with respect to taxes, spending, and debt management, intended to promote the nation's macroeconomic goals, particularly with respect to employment, gross national product, price level stability, and equilibrium in balance of payments. The budget process is a major vehicle for determining and implementing federal fiscal policy. The other major component of federal economic policy is monetary policy.

FISCAL YEAR: Any yearly accounting period, without regard to its relationship to a calendar year. The fiscal year for the federal government begins on October 1 and ends on September 30. The fiscal year is designated by the calendar year in which it ends. (e.g. fiscal year 1996 is the fiscal year ending September 30, 1996).

IMPOUNDMENT: Any action or inaction by an officer or employee of the United States government that precludes the obligation or expenditure of budget authority provided by Congress. Two kinds of impoundment are Recission and Deferral.

LINE-ITEM VETO: Authority to veto part of an appropriations act.

OBLIGATION: An order placed, contract awarded, service received, or similar transaction that will require payment.

OUTLAYS: The amount of checks issued, interest accrued on most public debt, or other payments, net of refunds and reimbursements. Total budget outlays consist of the sum of the outlays from appropriations and funds included in the unified budget, less offsetting receipts. The outlays of off-budget federal entities are excluded from the unified budget under the provisions of law, even though these outlays are part of total government spending.

PAY-AS-YOU-GO: A process for keeping expenditures within major elements of the budget by requiring that additions to outlays above amounts set by budget resolutions or in law made up by new sources of revenue or by reductions elsewhere within (and only within) that category.

PRESIDENT'S BUDGET: A proposed budget for a particular fiscal year transmitted to the Congress by the president in accordance with the Budget and Accounting Act of 1921, as amended. Some elements of the budget, such as the estimates for the legislative branch and the judiciary, are required to be included without review by the Office of Management and Budget or approval by the president.

RECONCILIATION PROCESS: A process used by Congress to reconcile amounts determined by tax, spending, and debt legislation for a given fiscal year with the ceiling enacted in the required concurrent resolution on the budget for that year. Section 310 of the Congressional Budget Act of 1974 as amended provides that the required concurrent resolution on the budget, which sets binding totals for the budget, may direct committees to determine and recommend changes to the laws, bills, and resolutions, as required to conform with the binding totals for budget authority, revenues, and the public debt. Such changes are incorporated into either a reconciliation resolution or reconciliation bill.

RECISSION: A bill or joint resolution that cancels, in whole or in part, budget authority previously granted by Congress. Recissions proposed by the president must be transmitted by the president in a special message to Congress. Under Section 1012 of the Congressional Budget and Impoundment Control Act of 1974, unless both houses of Congress complete action on a recission bill within 45 days of continuous session after receipt of the proposal, the budget authority must be made available for obligation.

SEQUESTRATION: Under the Balanced Budget Act of 1985, the withholding of budget authority, according to an established formula, up to the amount required to be cut to meet the deficit target.

SUPPLEMENTAL APPROPRIATION: An act appropriating funds in addition to those in an annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities (including new programs authorized after the date of the original appropriation act).

UNIFIED BUDGET: The current form of the budget of the federal government (beginning with the 1969 budget) in which receipts and outlays from federal funds and trust funds are consolidated. When these fund groups are consolidated to display budget totals, transactions that are outlays of one fund group for payment to the other fund group are deducted to avoid double counting. Transactions of off-budget federal entities are not included in the unified budget.

VIEWS AND ESTIMATES REPORT: A report issued each year within six weeks after submission of the president's budget by each House or Senate committee with jurisdiction over federal programs. Each views and estimates report contains a committee's comments or recommendations on budgetary matters in jurisdiction.

EXECUTIVE SUMMARY

The Congressional Budget and Impoundment Control Act of 1974 created the Senate and House Budget Committees to provide stability and to reassert congressional control over the federal budget process. Congressional Budget Committees have since altered the dynamics of the congressional committee system. Today, appropriators and authorizers cooperate with members of budget committees in drafting annual budget resolutions which dictate aggregate spending totals for the Department of Defense (DoD). It is worth noting that since 1974 authorizers have only once exceeded the budget totals set by the budget committees. There is an obvious point to be made from this observation. Congressional Budget Committees are having a significant impact on funding for the Department of Defense. The object of this thesis is to explore the development of congressional budget committees in order to define their role and better understand their impact on the Department of Defense.

Budget committees are largely the result of 200 years of constitutional conflict between the President and Congress. They are the product of our nation's budgetary history. Part I, *The Power of the Purse*, analyzes the historical economic and political forces that created these committees.

Part II, *The Politics of Shared Power: Congress and DoD*, explores the current relationships between the different players in the budget process and defines the implications for the Department of Defense. Today, budget committees are the "center of gravity" for budget development and negotiations between the administration and

Congress. Budget resolutions have altered the behavior of appropriators and authorizers. Appropriators are no longer free to dictate defense budgets at will, nor are authorizers free to spend beyond resolution targets. Budget committees have commandeered the authority and power of other congressional committees.

The Department of Defense must ensure budget committees have the relevant information needed to reach critical decisions affecting future defense budgets. There are two main approaches to accomplish this goal. The indirect approach favors the DoD providing authorizers and appropriators the needed information to influence members on the budget committees. Interviews conducted as part of this research, however, reveal that this method may not be as effective as we might believe it to be. There is frequently much conflict between authorizers, appropriators and budgeters. The second approach, namely the direct approach, implies that DoD should devote additional manpower and financial resources to ensure budget committees directly receive the support they need to develop future defense budgets. In practice, both approaches are necessary for DoD to ensure it receives its fair share of resources to carry out the nation's national security strategy.

DEDICATION

To the memory of my father

Raul Del Toro

whose struggle for freedom will forever serve as an inspiration for others

and to my wife and children

Betty, Chris, Marcel, Brice, and John

for their love and understanding

INTRODUCTION

During the Vietnam era there existed another conflict that also left a lasting imprint on the face of American politics. The conflict over the war budget was neither as emotionally charged nor as costly in human suffering as the war, but the institutional strife that it involved altered the relationship between Congress, the president, and the American people. Alan Schick, an expert on the American budgetary process, refers to this conflict as the "Seven Year Budget War." It lasted from 1966 to 1973, and ended with the so-called "Congressional Budget Treaty of 1974."¹

The Congressional Budget and Impoundment Control Act of 1974 reflected Congress's intent to control the federal budgetary process and check the perceived presidential abuse of impoundment authority. As part of that act, Congress established the Senate and House Budget Committees to restore congressional control over the budgetary process. Since then, the power and influence of budget committees have grown at the expense of other congressional committees. Consequently, members of Congress and their staffs understand the role of budget committees and their impact within the halls of Congress.

Today, budget committees play an increasingly important and influential role in the budgetary process. Notwithstanding, their influence on the Department of Defense is not always clearly understood. Historically, the Department of Defense has worked closest with its respective authorizing and appropriating committees. It is with these committees

¹ Aaron Wildavsky, The New Politics of the Budgetary Process (Berkeley, California: Harper Collins Publishers, 1992), 127.

that "iron triangles" have developed over the past century. The phrase "iron triangle" characterizes the common bonds and interests, and the relationships that exist between special interest groups in the private sector, the respective federal agency, and the relevant congressional committees. Between 1921 and 1974, the Senate and House Defense Appropriations Subcommittees were the most powerful and relevant of all defense committees. The benefits wrought by "iron triangles" were well established and clearly understood by all players in the political process.

But the process has changed. The triangles have expanded to include members of the budget committees. These new players are not necessarily driven by the same incentives, institutional or political, as members of the House National Security Committee or the Senate Armed Services Committee, the two principal authorizing committees for Defense. Their loyalties and interests may lie elsewhere than with the interests of the chairs of the Senate and House Appropriations Subcommittees for National Security/Defense and Military Construction, the four principal Defense Appropriations Subcommittees. Though appropriators dominated the budgetary decision-making process in the past, today, they must share that role with the Senate and House Budget Committees.

Budget committees add another dimension to the budgetary process; they are an additional layer of congressional decision-making with significant implications for all federal agencies, including the Department of Defense (DoD). As budgetary pressures on the Department of Defense continue to grow over the next decade, it is likely the Senate and House Budget Committees will have an even greater impact on defense budgeting vis-

à-vis the appropriations committees. Thus, the role of Congressional Budget Committees and their impact on the Department of Defense should be clearly understood.

The Senate and House Budget Committees have significantly altered the dynamics of the budgetary process. In past years, budget committees were often considered irrelevant by appropriators.² Budget committees have now become--to some extent--an instrument of the majority leadership in Congress.³ Focusing more on politics than specific issues, they frequently mirror the ideology and goals of the leadership. However, their members are also swayed by the same individual and institutional forces that influence all elected politicians. Today, appropriations and authorizing committees lobby budget committees to influence legislation.⁴ Cutback budgeting, caused primarily by high deficits, has required the appropriations committees to work closer with budget committees.

Some budgetary experts in Congress and the Department of Defense disagree with this theory.⁵ They argue that congressional budget committees have a limited influence on defense budgets and programmatic decision-making. One senior congressional staff member claims, "The Senate and House Budget Committees, serving no useful purpose, added gridlock to the budget process."⁶ The extent to which budget committees influence programmatic decisions is most certainly open for debate, and budget committees have at

²Background interview conducted by the author with Defense Appropriations Subcommittee staff member, 28 March 1996, Washington D.C..

³Stephen Daggett, Specialist in National Defense, Congressional Research Service, interview conducted by the author, 26 March 1996, Washington D.C..

⁴Ann E. Sauer, Legislative Assistant to Senator John McCain, interview conducted by the author, 25 March 1996, Washington D.C.

⁵Comments reflect the opinion of several congressional staff members and officials within the Department of Defense, background interviews conducted by the author, 25-28 March 1996, Washington D.C..

⁶Interview with Defense Appropriations Subcommittee staff member, 28 March 1996.

times added gridlock to the process. However, the fact that budget committees develop the aggregate totals for defense spending is a significant legislative power that can hardly be disputed. The questions then remain: How have budget committees changed the dynamics of the budgetary process, and if they have grown more influential in determining defense budgets, how can the Department of Defense influence the process?

Through analysis of congressional budget committees and their impact on the Department of Defense, the author plans to answer those questions. Part I, *The Power of the Purse*, provides historical analysis of political institutions and processes which is useful in understanding the economic and political forces that led to the creation of these committees. Chapter 1, *Constitutional Conflict*, explores the constitutional discord that is part of our nation's history. This conflict frequently escalates and results in budgetary gridlock between Congress and the president. In today's fiscally constrained budget environment, it is sometimes difficult to comprehend that, for the larger part of our nation's history, the economy has been strong and free of debt. Chapter 2, *Budgetary Politics: A Historical Analysis*, traces our nation's budgetary policy from the colonial period to 1974. It investigates why America has evolved from a society founded on balancing budgets to one seeking greater entitlement. Chapter 2 also sets the stage for understanding the Congressional Budget and Impoundment Control Act of 1974.

Through historical analysis we come to understand why Congress created the Senate and House Budget Committees. Chapter 3, *a Budgeting Dilemma*, depicts the fundamental flaw, inherent to the existing political-economic system, that has created economic chaos over the past twenty-five years. Though created to regain congressional control over the

budget process, it was always hoped budget committees would reduce the growing problem of the deficit. This has not been the case, due to many factors that shall later be presented. How then do budget committees impact the budget process and the Department of Defense? In the words of Peter G. Peterson "It is hard to have a collective view of our future without a collective view of our past."⁷ The author, in Part I, attempts to provide a view of our past budgetary history: its processes and its politics.

Part II, The Politics of Shared Power: Congress and DoD, investigates the relationship between Congress and the Department of Defense, with primary emphasis on the Senate and House Budget Committees, so that the United States can better formulate defense policy during the challenging years ahead. It questions the theory that the Senate and House Budget Committees have grown more powerful at the expense of other congressional committees. More importantly, it explores the consequences of budget committee influence on the Department of Defense.

If budget committees are indeed dictating aggregate totals for defense, what are the roles of other key players in the budget process? How is the budget resolution developed? Who are those key players? How much consensus is there between authorizers, appropriators, and budgeters? These are some of the relevant questions that are explored in several of the chapters in Part II. Chapter 4, The Struggle for Power: Committees at Work introduces "the politics of shared power." It investigates the purpose of congressional committees with emphasis on the Department of Defense. Chapter 5, The Role of Leadership, describes the impact congressional leaders have on the

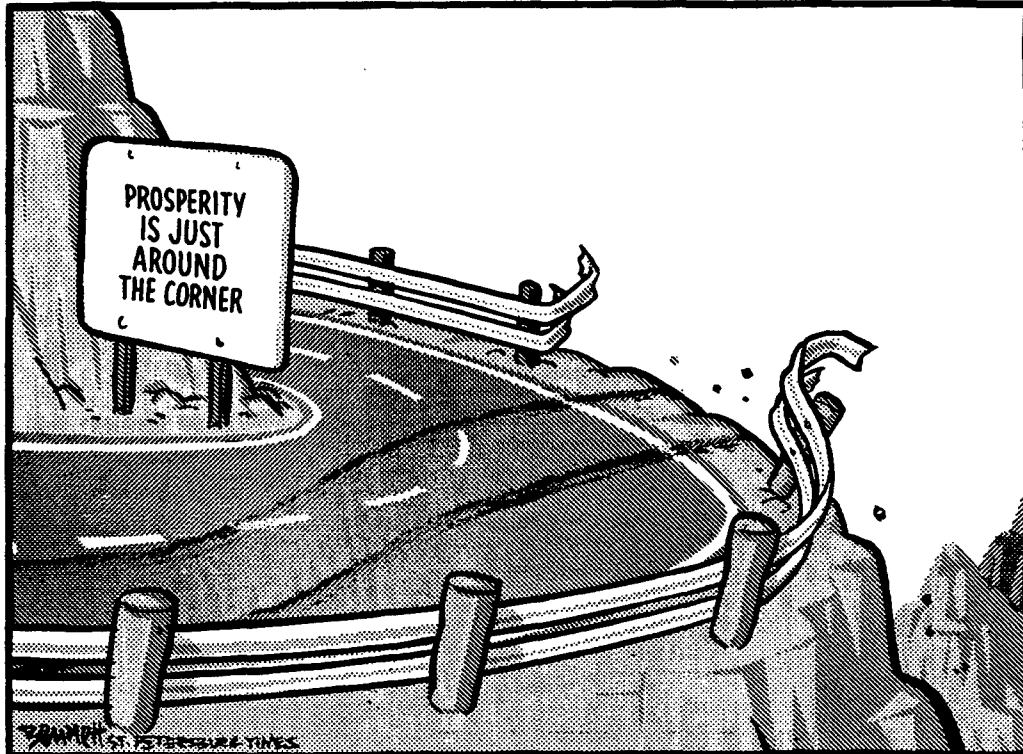
⁷Peter G. Peterson, Facing Up: How to Restore the Economy from Crushing Debt & Restore the American Dream (New York: Simon and Schuster Publ. 1993), 70.

budget committees and the Department of Defense. Chapters 6, 7, and 8 investigate the roles of the budget, appropriations, and authorizing committees, with focus on the relationship between budget committees and other defense committees. Chapter 9, The Congressional Struggle for Resources: The Implication for Defense, describes the economic threat to future defense budgets, and the implication for the Department of Defense. Chapter 10, summarizes findings and presents conclusions.

Regardless of which political party controls the presidency or Congress, as the rate of mandatory spending continues to outpace that of discretionary spending, the Department of Defense will likely be susceptible to future budget cuts. It therefore becomes necessary to understand how DoD can best influence the budget process. The congressional budget process, like the larger federal budget process, is a complicated and often perplexing maze of seemingly contradictory forces that influence members of Congress. The forces are social, economic, and political. This analysis is designed to shed light on this complex subject.

PART I

THE POWER OF THE PURSE



CLAY BENNETT
Courtesy St. Petersburg Times

CHAPTER 1

CONSTITUTIONAL CONFLICT

The Senate and House Budget Committees are products of the conflict that the framers of the Constitution intended to create between the president and Congress, but with a relatively new twist. The people of the United States, by way of Article I, Section 8 of the Constitution, ordain that Congress shall have primary authority on matters regarding the purse. The founding fathers specifically enumerated that Congress will “...borrow money on the credit of the United States...regulate commerce with foreign nations...coin money...raise and support Armies...provide and maintain a Navy...and make all laws which shall be necessary and proper for carrying into Execution the foregoing powers.”⁸ Article I, Section 9 further states: “No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.”⁹ Herein rests Congress’s authority to control the purse strings of the nation. The President of the United States also exercises substantial constitutional responsibilities regarding the budget. His most significant powers are submission of the president’s budget proposal, which sets the congressional agenda; and the power of the legislative veto. Article II, Section 3, of the Constitution calls for the president to “from time to time give to Congress Information of the State of the Union, and recommend to their Consideration such Measures as he shall judge necessary and expedient.”¹⁰ Since Howard Taft in 1912, presidents have exercised their implied constitutional right, by submitting presidential budgets to Congress.

⁸Constitution, art. I, sec. 8.

⁹Constitution, art. I, sec. 9.

¹⁰Constitution, art. 2, sec. 3.

James Madison notes, in Federalist 58, that the power of the purse is the "most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of grievance, and for carrying into effect every just and salutary measure."¹¹ James Madison, if alive today, would agree that the power of the purse is Congress's most significant weapon in the battle of the budget.

At first, Congress could ignore presidential budget estimates. By 1921, however, Congress faced the daunting challenge of reducing a huge national debt created by World War I. Congress claimed the budget process had grown too fragmented as evidenced by Federal departments budget submissions without regard for intra-agency macroeconomic impact. This led to Congress formally granting the president the power to combine departmental budgets into one presidential budget. Presidents have since been held accountable for the nation's economic health. The Budget and Accounting Act of 1921 significantly increased presidential power by establishing the Budget Bureau, which became the Office of Management and Budget (OMB) in 1970.

The Act of 1921 initiated a trend in Congress that continues to this day; to delegate authority and responsibility to the president during times of economic difficulty. The most recent example of this ironic phenomenon was the passage of the presidential line-item veto in 1996. The line-item veto will likely alter the dynamics of the budgetary process for years to come, placing still greater responsibility in the hands of presidents and their administrations. Through the Act, Congress has relinquished responsibility granted

¹¹James Madison, The Federalist Papers, ed. J.S. Mills (Chicago: The University of Chicago Press, 1977), 180.

to it by the Constitution of the United States. In 1921, members of Congress argued differently:

It will doubtless be claimed by some that this is an Executive budget and that the duty of making appropriations is a legislative rather than executive prerogative. The plan outlined does provide for an Executive initiation of the budget, but the president's responsibility ends when he has prepared the budget and transmitted it to Congress. To that extent, and to that extent alone, does the plan provide for an Executive budget, but the proposed law does not change in the slightest degree the duty of Congress to make the minutest examination of the budget and to adapt the budget only to the extent that it is found to be economical. If the estimates contained in the president's budget are too large, it will be the duty of Congress to reduce them. If in the opinion of Congress the estimates of expenditures are not sufficient, it will be within the power of the Congress to increase them. The bill does not in the slightest degree give the Executive any greater power than he now has over the consideration of appropriations by Congress.¹²

The conjecture is not all together accurate that the president has not gained any substantial authority he did not already possess. As Louis Fisher suggests, "The president gained an important advantage by shaping the agenda for legislative action."¹³ The advantage of using the president's budget to set the legislative agenda is perhaps the president's most powerful weapon in the battle of the budget. Congress has delegated too much budget authority to the president.¹⁴ Comparison between the President's budget and subsequent congressional appropriations reveals that there is very little change in the aggregate totals. One can, therefore, conclude that presidents have dominated the budget process since the Budget Act of 1921.

¹²H. Rept. No. 14, 67th Cong., 1st Sess. 6-7 (1921), cited in Wildavsky, 65.

¹³Louis Fisher, Constitutional Conflicts between Congress and the President (Princeton: Princeton University Press, 1985), 196.

¹⁴Marilyn A. Elrod, Minority Staff Director, House National Security Committee, interview conducted by the author, 29 March 1996, Washington D.C., and Note 5.

The president also possesses the power of the executive veto. The Constitution authorizes the president to recommend and to veto legislation. Article I, Section 7 states that if the president vetoes a bill "it shall be repassed by two-thirds of the Senate and the House of Representatives."¹⁵ The presidential veto compels Congress to consider the president's legislative agenda. As the framers of the Constitution intended, the veto helps to make consensus and compromise essential to the process of legislating.

The presidential veto is a very powerful political tool. Through 1988, it had been used 2,469 times. Congress has overridden only 103.¹⁶ One of the more notable Congressional overrides was President Nixon's veto of the War Powers Resolution in 1973. The House passed the resolution 284-135, and the Senate passed it by a larger margin of 75-18. The vote highlighted the tension and friction between President Nixon and Congress. Lawmakers viewed the override of the War Powers Resolution Act as an opportunity to control an administration that had run amok.¹⁷

While constitutional tension regarding budgets persisted between the president and Congress from the 1920's through the early 1970's, it was never so controversial as it became during the Nixon Administration. The issue of greatest contention between the president and Congress was that of impoundment. An impoundment is an action or inaction by a government officer, such as the president, that precludes the obligation or expenditure of budget authority. There are generally two types of impoundment: Deferrals that delay the expenditure of funds and; Recissions that cancel previously

¹⁵Constitution, art. 1, sec. 7.

¹⁶James A. Thurber, Divided Democracy: Cooperation and Conflict between the President and Congress (Washington D.C.: Congressional Quarterly Press, 1991), 2.

¹⁷Thurber, 210.

approved budget authority. As in recent budgetary battles, President Nixon and Congress were deadlocked in 1972 over the decision to raise the national spending ceiling to \$250 billion for fiscal year 1973. The president demanded unlimited authority to cut whatever programs he determined necessary to remain within the ceiling. Congress was averse to giving up its constitutional authority to amend the president's budget as necessary to pass appropriation bills. In July 1972, President Nixon claimed that the budget crisis resulted from the "hoary and traditional procedure of the Congress, which now permits action on the various spending programs as if they were unrelated and independent actions."¹⁸ Congress denied the president the authority to cut authorized programs at his discretion, but the president persisted in remaining within the ceiling by using his power of impoundment. Nixon's Secretary of the Treasury, George Shultz, announced that the president "feels sure that he can hold the outlays in the fiscal 1973 budget to \$250 billion, and he is determined to do so."¹⁹ The president proceeded to impound large sums of money, primarily from domestic discretionary spending. The Speaker of the House, Carl Albert, reportedly said that the president had made a "monkey out of the legislative process."²⁰

Some experts believe that Nixon exceeded his constitutional authority and that later presidents have had to pay the consequences.²¹ They argue that by 1974, Congress was furious with Nixon's impoundment policy that withheld funds appropriated for domestic spending. This was the catalyst that led to subsequent congressional reform.

¹⁸Fisher, 184.

¹⁹Ibid.

²⁰Ibid.

²¹Dr. Philip Chartrand, Brookings Institute, and Dr. Stephen E. Frantzich, Chairman of the U.S. Naval Academy Political Science Department, interviews with the author, 28 March 1996, Washington D.C..

However, there existed still larger problems with the budget process that demanded attention.

For over two centuries, Congress had loosely micromanaged the budget. By 1974, the size of the economy, and more importantly the breadth of issues facing government had grown too large. Congress had to reconcile revenues with expenditures; Congressional committees had to learn how to cooperate with each other and the president; and macroeconomic vice microeconomic policy had to become the norm for Congress. This shift in policy gave rise to new conflict and tension between key players in the budget process, raising a whole range of new questions: What would be the role of the budget committees? Who would be the members? Who would have the greatest impact on macroeconomic decisions, the budget committees or the appropriations committees?

As a result of the constitutional conflict with Nixon, Congress passed the Budget Act of 1974, which created the budget committees. Established to regain congressional control over the budgetary process, each Congressional Budget Committees' primary responsibility was to report two concurrent budget resolutions per year. The concurrent budget resolution was Congress's response to the presidential budget.²² It set forth Congress's priorities as to how funds should be spent, and how much revenue should be collected. In addition, it set targets for the deficit and the national debt.

The Act required that the first resolution, passed by 15 May, set spending targets for the thirteen appropriations committees. The second resolution, passed by 15 September, set binding ceilings for appropriations and a minimum floor for revenues. If

²²A concurrent resolution is one that requires approval of both houses of Congress. Concurrent resolutions are not sent to the President for signature and are, therefore, not binding by law.

appropriations and authorizing committees exceeded the targets in the second resolution, a reconciliation bill would force those committees to report additional savings or revenues.²³

This process was Congress's first attempt since 1789 to match revenues to expenditures.

Though the committees were established to provide an institutional mechanism to bring order and stability to the process, many members of Congress really hoped that they would balance the budget by matching revenues to expenditures.²⁴ By way of the budget resolution, budget committees determined the size of the federal government. As a consequence, Senate and House Budget Committees became part of the constitutional conflict between the president and Congress, but Congress could no longer be blamed for the absence of a congressional budgetary process or policy.

Today, the congressional budgetary process is shaped by the concurrent budget resolution. Congressional staff members agree the budget resolution has provided an element of stability to the congressional budget process. Stephen Daggett of the Congressional Research Service contends, "the Senate and House Budget Committees have diminished the authority of other committees." He believes the targets set forth in the resolution do impact individual programs. By setting the aggregate totals for the Department of Defense, and all other appropriations, budget committees can limit the authority and power of both appropriators and authorizers. According to Daggett, once the resolution is passed, however, it has little effect over how the funds are allocated within separate categories. Budget committees provide macroeconomic review of the

²³The reconciliation bill contains changes in law, regarding spending or revenue targets. These changes have been recommended by appropriations and tax committees as part of the reconciliation instruction included in the budget resolution.

²⁴Stephen Daggett, Specialist in National Defense, Congressional Research Service, interview conducted by the author, 26 March 1996, Washington D.C..

budget; they can not force appropriations Committees to shift funds from one internal account to another.

This leaves us with the question whether congressional budget committees have reduced constitutional conflict between the president and Congress or whether they have complicated the process? To answer this question, it is necessary to consider the economic and political forces that have shaped the current budget crisis.

CHAPTER 2

BUDGETARY POLITICS: A HISTORICAL ANALYSIS

(1700's-1974)

From the colonial period to 1921, Americans lacked a formal budgeting process. However, there was an informal, but effective, process to balance budgets and to provide for economic well being. There was a collective effort, by presidents and by Congress, to balance budgets generally to provide for the well being of the economy. By the mid 1960's, however, partisan politics between Republicans and Democrats precluded budget consensus. Furthermore, politicians from both parties took comfort in the benefits of Keynesian economic theory. Abandonment of balanced budgets, as a principle of fiscal and budgetary policy, gave way to the creation of an entitled society. Societal expectations exceeded the government's ability to provide services without acquiring debt. The path created by this fundamental shift in economic policy has been long and arduous indeed.

Colonial Budgeting

In the beginning, budgeting was fairly simple. Colonies did not pay for standing armies, or navies. Social welfare was a local concern and not the responsibility of the colonial legislature. Revenues, collected as taxes, were typically earmarked for special projects. Colonial legislators exercised remarkable control over executives, by limiting

expenditures. A tight fiscal and budgetary policy applied to royal governors as well as local colonial officials.

It will be seen that the democratic branch of the colonial government had placed the governor, and almost every other office, in a state of dependence upon its votes and measures. Not a single shilling could be withdrawn from the treasury, but by legislative consent. This was particularly gauling to the lieutenant governor. It had stripped him of that executive patronage and influence, which was deemed by him as essential to the support of his administration. In truth, it was a great step towards the independence that was afterwards obtained.²⁵

The colonial era marked the beginning of America's conservative fiscal policy.

A Conservative Beginning

The balanced budget became the economic and political measure of compromise among the three social orders in early American society. Those were: a weak social hierarchy wanting to replace the King with a local variant; market men who wanted to control their trade; and those that stressed Republican tradition for local rule.²⁶ Federalists and Republicans alike agreed on balanced budgets. Jefferson strongly believed the debt acted "as a machine for the corruption of the legislature...."²⁷ After times of growing debt, such as the War of 1812, presidents and Congress acted expeditiously to eliminate them. Andrew Jackson, upon realizing that the war debt would likely be eliminated during his administration declared that government "shall then exhibit the rare example of a great nation, abounding in all the means of happiness and security, altogether free from debt."²⁸

²⁵Charles Bullock, "The Finances of the United States from 1775-1789 with Special Reference to the Budget," *Bulletin of the University of Wisconsin*, Vol. 1, 1894-1896, quoted in Aaron Wildavsky, *The New Politics of the Budgetary Process* (Berkeley, California: Harper Collins Publishers, 1992), 39.

²⁶Wildavsky, 44.

²⁷Adrienne Koch and William Peder, *The Life and Selected Writings of Thomas Jefferson* (New York: Modern Library, 1944), 123.

²⁸Wildavsky, 47.

Such was the dedication of our ancestors to assure the economic strength of the new nation.

Wildavsky suggests that government remained tiny between 1800 and 1860. The first part of the 19th century reflected a traditional colonial preference for small government. Table 1 shows that federal expenditures, between 1800 and 1825, rose only from approximately \$10.8 million to \$15.9 million, a 47% increase over 25 years. However, Wildavsky does not address the increased growth in government after 1825. Between 1825 and 1850 government grew by approximately 150%, and between 1850 and 1860, federal expenditures grew by over 250%. This increase does not reflect a preference for tiny government.

Table 1
Federal Expenditures, Fiscal Years 1800, 1825, 1850, and 1860
(in millions of dollars)

	<i>1800</i>	<i>1825</i>	<i>1850</i>	<i>1860</i>
Civil and miscellaneous	1.3	2.7	14.9	28.0
War Department	2.6	3.7	9.4	16.4
Navy Department	3.4	3.1	7.9	11.5
Indians	-	.7	1.6	2.9
Pensions	.1	1.3	1.9	1.1
Interest	3.4	4.4	3.8	3.2
Total	10.8	15.9	39.5	63.1

Source: Wildavsky, 49.

The Decline of Congressional Influence

The decade prior to the American Civil War marked the beginning of the decline of Congressional control over the federal budget. After the start of the war, with broad grants of authority over spending, President Lincoln showed little regard for congressional authority in budgeting. Lincoln spent lump sum appropriations, often in excess of authorizations and appropriations. Congress also granted him authority to reprogram funds between spending accounts. Lincoln implemented a legislative strategy of "coercive deficiency" spending proposals desperately needed for the preservation of the Union. President Lincoln's requests were routinely authorized with little substantive opposition.

Following several years of growing expenditures by the federal government, Congress established the House Appropriations Committee in 1865 and the Senate Appropriations Committee in 1867. The appropriations committees controlled spending and provided financial expertise on budget matters. Although the task had grown too large for the Ways and Means Committee, the creation of the Appropriations Committees caused friction with those members on the Ways and Means Committee who traditionally controlled the purse strings. Interesting, half a century later, the creation of the budget committees led to similar friction with the appropriations committees.²⁹ This friction within Congress eventually resulted in the Budget Act of 1921 which reflected Congress's preference for balanced budgets. Availed by a rapidly growing economy, the president and Congress agreed to limit spending, while reducing the debt, with little impact on the economy or needed sacrifice from the American people.

²⁹Daggett, interview with the author, 26 March 1996.

The Road to Disaster

The market crash of 1929 brought about “the demise of the balanced budget.”³⁰ The depression, ultimately, caused a fundamental shift in U.S. fiscal and budgetary policy. It gave rise to Keynesian economic theory, which dominated economic policy making until the late 1970’s. Keynesian economic theory, based on the principle of balancing the economy, not the budget, suggests that the federal government regulate the economy. By increasing federal spending and creating deficits during periods of recession the government increases demand for products, which in turn reduces unemployment. It was held that the opposite behavior should also apply. During periods of surplus, the government should tighten the money supply to slow the economy, and reduce the risk of inflation. According to Dr. Dennis Johnson, Associate Dean of the George Washington University School of Political Management, Keynesian economic theory allowed politicians to spend money simply because it was considered favorable for economic growth.³¹ How the money was spent became almost irrelevant to the process of governing. The danger of Keynesian economic theory is that it permits politicians to spend money virtuously.

Presidential authority over the budget expanded for five decades following the Budget and Accounting Act of 1921. The challenges and hardships brought about by the depression forced Congress to yield nearly unlimited powers to the president. For example, in his 1935 State of the Union address, President Franklin Delano Roosevelt called for a \$4.8 billion work relief program. Unprecedented in the history of federal

³⁰ Wildavsky, 67.

³¹ Dennis Johnson, interview conducted by the author, 27 March 1996, Washington D.C..

government, this request represented more than the combined federal revenue of 1933 and 1934. Even more startling, Roosevelt wanted to borrow all but \$800 million against the national debt. A flabbergasted Congress drafted amendments to restrict the work relief bill. By March of 1935, Congress had receded all amendments to the bill and passed the legislation, giving President Roosevelt unlimited discretion to spend \$5 billion. One historian's interpretation of this incident describes it as "an unprecedented abdication of authority from the Congress to the president."³² Dr. Johnson has confirmed this trend in his own executive-legislative research. He agrees with the theory that Congress has delegated increased authority and responsibilities to the president.³³

The legacy of the New Deal and World War II budgets institutionalized the notion that government was responsible for the economy.³⁴ It justified entitlement programs to solve social problems. Presidents and Congress would, henceforth, generally find it easier to spend in excess of federal revenues. However, Presidents Truman and Eisenhower continued to support balanced budgets, as an instrument of sound economic policy. A coalition of conservative Republicans and Democrats in Congress further ensured that budgets remained balanced throughout the 1940's and 1950's. In 1955, the defense budget constituted nearly two-fifths of the overall budget, while domestic spending, including welfare and social security, represented one-fifth of the budget.

³²Michael Barone, Our Country: The Shaping of America, Roosevelt to Reagan (New York: The Free Press, A Division of Macmillan, Inc., 1990), 84.

³³Johnson, interview with the author, 27 March 1996.

³⁴Wildavsky, 71.

An Entitled Society

The tradition of balancing budgets began to break down in 1960. With the appearance of Medicare and Medicaid programs, domestic spending began to outpace all other spending categories. After 1960, entitlement spending grew out of control and Americans blamed government. By the early 1970's, Congress had already indexed entitlement programs to the rate of inflation. Non-discretionary spending, which is not subject to the annual appropriations process, became the preferred spending vehicle for politicians. Spending became uncontrollable. Outlays were determined by statutory laws based on eligibility criteria. If an individual met the criteria, he or she was automatically entitled to the program. Cuts in entitlement spending became politically difficult to legislate. The costs of these programs also became difficult to predict. The consequence was a tremendous growth in uncontrollable spending.

Sources of revenue were not enough to keep pace with spending on entitlement programs. For several decades after World War II, the growth in domestic spending was generally funded through the expansion of the economy and cuts in defense programs. Eventually, the government turned toward federal credit as a means to finance spending. By 1985, federal credit had grown larger than the estimated \$946 billion in total federal expenditures for 1985 (see Table 2). The reliance on federal credit or backdoor spending made it ever more difficult to determine the actual size of the deficit. Federal credit authority, extended to the president and Congress, permitted both institutions to spend practically at will, without undergoing the annual oversight process.

Table 2
Summary of Outstanding Federal and Federally Assisted Credit
(billions of current dollars)

<i>Year</i>	<i>Direct Loans on-budget</i>	<i>Direct Loans off-budget</i>	<i>Guaranteed Loans</i>	<i>Government Sponsored</i>	<i>Total</i>
1974	46.1	15.4	180.4	43.8	285.7
1980	91.7	72.3	299.2	151.0	614.2
1985	101.5	139.3	428.1	343.9	1012.8

Source: Special Analysis F., *Budget of the United States Government*, FY 1985, and earlier special analysis.

Partisan Politics

Divided government further complicated the budgetary process. When the president and Congress were of two different political parties or when the House and Senate had majorities from different political parties, divided government significantly increased partisan conflict in the budget process.

By 1974, relations between President Nixon and Congress were at an all time low. Partisan conflict over the budget had significantly increased over the previous three years of Nixon's administration. Just one month after enactment of the Budget Act of 1974, President Nixon resigned from office. It was clear neither the president nor Congress had firm control over the budget process.

Congress sensed it had lost control of the budget process to the president at the point when revenues were not meeting expenditures. According to Ms. Marilyn A. Elrod, Minority Staff Director on the House National Security Committee:

The system was not working. Congress had difficulty matching revenues to expenditures. There was very little discipline inherent in the process of budgeting. The impetus for reform was a need to place discipline on the

appropriations committees to match revenues to spending. The Congressional Budget and Impoundment Control Act of 1974 was not an attempt to balance the budget. It was also not an attempt to exceed the president's budget request.³⁵

The budget had not been balanced since 1969. The 1974 deficit was the thirteenth since 1960. The national debt was also growing larger with consecutive budget deficits. By 1974, the deficit rose to \$6.1 billion. Entitlement spending had grown out of control. Within those same seven years, America had become an entitled society. Health care programs, alone, grew by two-percent of the gross domestic product.³⁶ Something had to be done before it was too late to control government spending.

The Budget Act of 1974

The Congressional Budget and Impoundment Control Act of 1974 was the most comprehensive budgetary reform measure of the twentieth century. Its goals were:

- (1) to assure effective congressional control over the budgetary process;
- (2) to provide for the congressional determination each year of the appropriate level of Federal revenues and expenditures;
- (3) to provide a system of impoundment control;
- (4) to establish national budget priorities; and
- (5) to provide for the furnishing of information by the executive branch in a manner that would assist the Congress in discharging its duties.³⁷

To achieve these goals, the Act implemented procedures for impoundment of appropriated funds, established the Congressional Budget Office, restructured the congressional budgetary timetable, and created the Senate and House Budget Committees.

³⁵Elrod, interview with the author, 29 March 1996.

³⁶Peterson, Table 5.6., n.p..

³⁷Congress, House, Committee on the Budget, The Congressional Budget Process: A general explanation, report, 96th Cong., 1st. sess., 1981, Committee Print, 1.

While Congress may not have yet considered budget deficits an overwhelming threat to the economy, it undoubtedly perceived President Nixon's abuse of impoundment powers as a direct threat to its constitutional authority over the purse. Historically, Presidents had always impounded appropriated funds by applying unwritten guidelines agreed upon by Congress. Impoundment generally occurred when the expenditure of appropriated funds was clearly no longer required. However, in 1974, by his routine broad application of statutory impoundment powers to stifle domestic discretionary spending, President Nixon defied the original intent of the law. To correct this situation, the Budget Act of 1974 successfully checked the president's authority and ability to impound funds without due process.

Established in 1974 as the primary source of assistance to Congress, regarding taxing and spending legislation, the Congressional Budget Office became the research arm of the Senate and House Budget Committees. CBO became Congress' scorekeeper for estimating the cost of spending and revenue legislation. These costs were then compared to targets set forth in the concurrent budget resolution, developed by the budget committees. The CBO was required to submit an annual budget report to the budget committees by April 1. However, these reports were usually developed by early February in order to assist in the development of the budget resolution. The reports have proposed budget aggregates for the major functional spending categories. The estimates, in accordance with the spirit of the legislation that chartered the CBO, should be strictly objective and non-partisan by nature. However, the Speaker of the House and the President Pro Tempore of the Senate, after receiving recommendations from the Senate

and House Budget Committees, appoint the Director of the Congressional Budget Office. Today, many members of Congress and their staff doubt the CBO's ability to remain objective and not reflect, at least in spirit, the budgetary and fiscal views of the majority party of Congress.³⁸

There has always been controversy between estimates provided by CBO and those given by the president's Office of Management and Budget. That controversy is, today, reflected in arguments regarding the fiscal year 1997 defense budget. Basing their predictions on historical economic data since the early sixties, staff members on the Senate Armed Services Committee claim Administration inflation projections are unreasonable. Later increases in inflation will decrease the purchasing power of funds in defense programs. The Administration would then be forced to seek increases to the budget. Seeking additional funding to compensate for inflation will be difficult. Even using the Administration's own inflation estimates, this defense budget request is \$16.6 billion below the FY 96 level of funding.³⁹

Another example of the divergence between the CBO and OMB was reflected in debate over President Clinton's health care reform proposals. OMB had estimated that the president's reforms would reduce the budget deficit by \$60 billion between fiscal years 1995-2000. CBO argued that the reforms would add an additional \$70 billion to the deficit. Some argue that such differences will always exist.⁴⁰ Budgetary arithmetic is founded in both technically based assumptions as well as in political considerations. On

³⁸Interview with Defense Appropriations Subcommittee staff member, 28 March 1996.

³⁹Larry Lanzillotta, Senate Armed Services Committee Staff, "Budget Request cuts defense," Point Paper, 15 April 1996, Washington D.C., 2-3.

⁴⁰Allen Schick, The Federal Budget: Politics, Policy, and Process, (Washington D.C.: The Brookings Institution Press, 1995), 12-13.

issues that lend themselves more easily to mathematical assumptions, the differences will be smaller than in those areas that are based more on social values. Again, during periods of divided government, the two fiscal views on the economy are quite often dissimilar. This does not suggest that divided government generated the deficit; it only suggests that there is generally more conflict in reconciling budget agreements during periods of divided government.

The timing of congressional budget actions also concerned Congress. By 1974, appropriation bills were seldom passed before the start of the new fiscal year, which then began on July 1. Consequently, federal agencies were forced to operate on continuing resolutions for part, or all of the fiscal year in some cases. Congress hoped that shifting the start of the fiscal year to October 1 would allow sufficient time to negotiate the bills. Ironically, more than twenty years later, the federal government routinely operates under continuing resolutions. The Budget Act did little to resolve this issue. As one legislative assistant points out, "In years of controversy and major conflict over budget issues, the budget resolution still follows late in the process. She adds, "Budget committees become less relevant to the process when resolution and reconciliation bills are not passed on time."⁴¹ However, it could also be argued that the situation would still be worse today, had the fiscal year started in July rather than October, shortening the time available.

The Budget Act of 1974 reconciled many of Congress's concerns regarding congressional influence in the budget process. It settled the issue of impoundment, established an important source of budgetary data for Congress, realigned the budgetary schedule, and established the budget committees to guide overall spending. The Budget

⁴¹Sauer, interview with the author, 25 March 1996.

Act and specifically the Senate and House Budget Committees have, to some extent reduced the constitutional conflict between the president and Congress by providing greater stability to the budget process.

Conversely, conflict within Congress or conflict between Congress and the Administration occurs despite budget committees. Conflict is often inherent to the process of making budgets. The Budget Act of 1974 did little to curb uncontrolled spending characteristic of the twenty years that followed its creation. Few substantive enforcement measures checked whether Congress spent more than it had collected. Though the budget act brought some order, it failed to substantively limit spending. Over the next two decades, Congress attempted to further reform the process.

CHAPTER 3

A BUDGETING DILEMMA

(1975-1997)

While the Congressional Budget Act of 1974 brought some order and stability to the congressional budget process, it failed to address the more important issue of how the government could improve the declining economy and reduce growing budget deficits. Congress has frequently turned to procedural budget reforms when difficult decisions needed to be made. Members of Congress faced a dilemma when they simultaneously supported deficit reduction and increased spending. The two actions are largely incompatible without raising taxes, yet this is a complex issue. It is this budgeting dilemma that defined politics in the 1970's and 1980's, and linger on well into the 1990's.

Congress and its budget committees have unsuccessfully struggled to reduce deficits throughout the past twenty years. Often budget committees have been key players in the process, as in 1980 and 1981 during development of the first Reagan budgets. At other times, budget committees have been less influential in the process. However, at all times they have been a central part of the process; one that all other committees have had to contend with in some manner. Some experts may argue that budget committees have become an integral part of the very dilemma they were designed to solve. A summary of budgetary reform since 1975 will help define the answer to this persistent problem.

Post-Reform Tension

The Senate and House Budget committees:

...guide the Congress in the tasks of setting national fiscal policy aggregates; that is total spending, revenue, and debt levels. No other committee of the Congress performs these tasks, a major defect prior to the establishment of the congressional budget process. Furthermore, the budget committees are not intended to diminish in any way the responsibilities or prerogatives of other committees. They are intended to provide new fiscal policy and priority-setting functions, which, properly executed, will enable other committees to perform their tasks with greater focus and effort.⁴²

From this legislative language, one could have easily predicted the post-reform tension and power struggle that developed between budget committees and other congressional committees soon thereafter. An individual on the staff of a Defense Appropriations Committee, in an interview with the author, agreed that there was, and still is, much animosity between budgeters and appropriators.⁴³ The new process altered the balance of power among all congressional committees. Appropriators no longer had sole dominion over expenditure of funds, and authorizers no longer had sole jurisdiction over policy-making. However, for the first time in the history of budgeting, authorizers knew exactly what they could spend or "mark" to, knowing appropriators would not exceed the targets set by the budget resolution. Therefore, they could also budget up to those maximum ceilings.⁴⁴ For their part, it could also be suggested that appropriators lost influence over

⁴²Congress, House, Committee on the Budget, The Congressional Budget Process: A general explanation, report, 96th Cong., 1st. sess., 1981, Committee Print, 7.

⁴³Interview with Defense Appropriations Subcommittee staff member, 26 March 1996.

⁴⁴Elrod, interview with the author, 29 March 1996.

the authorizers to the budget committees. Budget committees determined the totals; but, to what extent?

For the new budget process to succeed, budget committees had to ensure appropriating and authorizing committees abided by their budget resolutions. They further had to gain the support of the leadership. A formidable challenge for relatively junior chairmen of the budget committees was to counter the interests of more senior and far more powerful committee chairmen. It was however a necessary evil; otherwise by remaining passive, they would also remain irrelevant to the process of making budgets.

As anticipated, tension developed between committees and their respective chairpersons. In the first year of post-reform debate, Senate Budget Committee chairman Edmund Muskie, a Democrat from Maine, challenged authorization legislation for military procurement. He specifically attacked the authorization bill to influence appropriators to abide by resolution targets. Muskie argued that authorizing, appropriating, and revenue committees must account for policy decisions in terms of whether they met targets set by the first budget resolution.

Authorizers frequently exhibited their discontent over the reformed budget process. Bernard Asbell described the conflict that arose, on the Senate floor, between Muskie and John Stennis, a Democrat from Mississippi and chairman of the Armed Services Committee, on the Senate floor:

Stennis... turns to what really galls him and other chairmen. Going into conference committee, pitting the strength of the Senate against the strength of the House, trying to return to your colleagues with the prestige of victory or at least a workable compromise, is difficult enough. But now comes this new complication, not only a crippling one, but a demeaning one, as chairmen see it. After going through the torments of compromise, a chairmen must go on bended knee to a fellow chairman---indeed, the

chairman of a mere babe among committees, the Budget Committee---to ask meekly, "Will this compromise be all right? Do you approve of the new figure?"⁴⁵

Tension between committees has and always will be part of our system of checks and balances. During those first few years, the Senate and House Budget Committees were defining their role in the budgetary process. Until that role was clearly defined and recognized by other committees, they cautiously sought consensus with other powerful players in the process.

Consensus among committees is needed to develop a budget resolution that can be effective and relevant. Congressional staff members interviewed for this research all agreed that consensus before the resolution is drafted results in a more effective resolution and reconciliation bill.⁴⁶ Staff members on the Senate Armed Services committee confirm that they maintain strong linkage with the staffs of appropriations and budget committees.⁴⁷ During budget committee hearings, members of authorizing and appropriations committees testify to influence the development of the budget resolution. The Senate and House Budget Committees also request formal "views and estimates" of other committees before preparing their own legislation. However, the general notion regarding these inputs is that they are largely ignored by the budget committees.⁴⁸ Testimony presented by authorizers and appropriators before the budget committees carries far more significance, as does the backdoor politics between individual members

⁴⁵Bernard Asbell, The Senate Nobody Knows (Garden City, N.Y.: Doubleday, 1978), quoted in Wildavsky, 160.

⁴⁶Comments reflect the opinion of several congressional staff members, background interviews by author, 25-28 March 1996, Washington D.C..

⁴⁷Ibid.

⁴⁸Elrod, interview with the author, 29 March 1996.

and chairmen. One other point that should be made in the context of this discussion is that while consensus among players is critical for passage of an effective resolution, so is the legislative strategy to achieve it. That strategy often differs between the House and Senate.

Institutional Differences

Institutional differences between the Senate and House Budget committees have long characterized the relationship between budget committees and other congressional committees. Those differences are still present today. The Senate Budget Committee is a standing committee whose members are selected to serve indefinitely. In the House, all but senior members are selected from several other committees and can serve no more than eight out of every ten years. Accordingly, loyalty to the committee and its traditions are stronger in the Senate than in the House.

Institutional differences affected how budget committees crafted legislative strategy. The Senate Budget committee required far more bi-partisan support to pass budget resolutions than the House. In the 1970's, Senate Budget Committee chairman, Edmund Muskie and the ranking minority member, Henry Bellmon, a Republican from Oklahoma, developed resolutions in a bi-partisan fashion. House budget resolutions were far more partisan. Republicans frequently opposed the so-called "tax and spend" bills of the late 1970's. Partisan opposition, in the House, forced Democrats to pass resolutions in a partisan manner, requiring greater numbers of democratic votes. Hence, the leadership of the House became far more active in lobbying members of Congress than the Senate leadership. According to Dr. Philip Chartrand, a congressional expert with the

Brookings Institute, the Senate Budget Committee has historically been far more passive than the House Budget Committee.⁴⁹ House and Senate resolutions were often difficult to compromise, during conference, between chambers of Congress.⁵⁰ The composition of the committees, the loyalty of individual members to the committee, and the extent of bipartisan cooperation defined the extent of budgetary conflict.

Budgetary Impact

Some budget experts have claimed that budget committees in the late 1970's were somewhat irrelevant to the budgetary process.⁵¹ Though budget committees appeared accommodating at first, by 1975, they had already begun to influence the dynamics of the budgetary process. Marilyn A. Elrod concurs that budget committees have changed the dynamics of the budget process.⁵² Authorizations and appropriations committees were forced to contend with the wishes of the Senate and House Budget Committees.

Other experts questioned to what extent budget committees impacted annual deficits. Though it is less clear whether budget committees contributed to larger deficits, it is apparent from historical quantitative data they did not reduce the deficit. Between 1974 and 1979, the deficit rose from \$6.1 billion to \$40.2 billion. However, it is important to remember that the committees were not created to balance the budget or even reduce deficit spending. Dr. Chartrand indicates that the political-economic climate

⁴⁹Dr. Philip E. Chartrand of the Brookings Institute, interview conducted by the author, 28 March 1996, Washington D.C.

⁵⁰Wildavsky, 159.

⁵¹Comments reflect the opinion of several congressional staff members on authorizing committees, background interviews by author, 25-28 March 1996, Washington D.C..

⁵²Elrod, interview with the author, 29 March 1996.

in 1974 was much different from today. Although deficits were a persistent problem by 1974, government spending was still growing. The decision then facing the budget committees was how to divide the growing pie. The issue today is how to keep the pie from growing.⁵³ The problem of the deficit requires compromise between many players in the political process. Unfortunately, Congress as a whole had not reached consensus on reducing the deficit and budget committees reflected that sense of Congress. To this extent, it could be successfully argued that budget committees did little to reduce the budget deficit.

In almost a hundred interviews with Members of Congress and staffers, no one expressed the view that allocations in budget resolution had been knowingly set below legislative expectations. "We got all that we needed," one committee staff director exulted. The chief clerk of an Appropriations subcommittee complained, however, that the target figure in the resolution was too high: "We were faced with pressure to spend up to the full budget allocation. It's almost as if the Budget Committee bent over backwards to give Appropriations all that it wanted and then some."⁵⁴

It could also be argued that the consequences of not having the budget committees would have resulted in still worse deficits. With the passage of time, the budget committees' influence over the process grew stronger; appropriators shed their alleged role as "Guardians of the Treasury."⁵⁵ Appropriation committees appropriated without regard for balanced budgets. Unfortunately, there was little the budget committees could do to reduce spending without the support of other committees and the leadership of Congress.

⁵³Chartrand, interview with the author, 28 March 1996.

⁵⁴Schick, *Congress and Money* (Washington, D.C.: The Urban Institute Press, 1980), 13.

⁵⁵Wildavsky, 169.

Meanwhile, the economy worsened. Stagflation, a catastrophic combination of recession and high inflation, made it increasingly difficult for President Carter to govern effectively in the late 1970s. A combination of high interest rates and high unemployment finally undermined the apparent value of Keynesian economic theory as an instrument to balance budgets. Since most entitlement spending was indexed to inflation, high inflation rates were forcing deficits out of control. Believing the American people were willing to pay higher taxes for lower inflation, Carter reacted to the economic crisis by increasing taxes.

When President Carter lost the presidential race to Ronald Reagan in 1979, Reaganomics and supply-side economics replaced Keynesian economics. During the 1980's, budget committees assumed a far more significant role in the battle over budgets.⁵⁶ Having successfully regained the Senate, the GOP had the strength of a Republican Senate Budget Committee to contest the wishes of the more liberal House of Representatives. Divided government and partisan politics defined the budget battles of the 1980's. The role of the Budget Committees became far more significant to the budgetary process.

The Reagan Revolution

Supply-siders hypothesized that national productivity levels decreased because government policies failed to provide incentives to produce goods and services. Believing high tax rates reduced work incentives, tax cuts were considered the remedy to create economic growth. And so, President Reagan proposed major tax reform and reductions in

⁵⁶Sauer, interview with the author, 25 March 1996.

domestic spending. While Democrats viewed "cutback budgeting" as a sometimes necessary evil, Republicans viewed deficit reduction as an opportunity to change the direction of American government.⁵⁷

Professing that politics had primacy over economics, Reagan overruled the theories of true supply-side economists. While supply-siders did not necessarily view small deficits as bad for the economy, Reagan considered them an evil sin that had to be expunged, at least in theory. In practice, unforeseen and often unavoidable economic forces influenced Reagan to make disagreeable choices.

Procedural changes to the reconciliation process made it possible for President Reagan and his staff to quickly pass budget legislation. Sauer points out, "The politics of the time were just right for a change in budget resolution procedures."⁵⁸ Reconciliation after the second budget resolution, in September, made the reconciliation process ineffective. Committees were unrealistically expected to offer billions of dollars in spending cuts within weeks of passing the second resolution. Authorizing and appropriating committees ignored the process.

This last point is illustrated by the 1979 reconciliation process which demonstrated serious shortcomings in the budget process. The Senate Budget Committee concluded, as part of the second resolution, that supplemental appropriations to cover the costs of a federal pay raise, appropriated entitlements such as food stamps, and the Commodity Credit Corporation would cause spending to exceed budget totals set by the first resolution. The draft Senate Budget Reconciliation bill proposed seven committees make

⁵⁷Joseph White and Aaron Wildavsky, The Deficit and the Public Interest: The Search for Responsible Budgeting in the 1980s (Berkeley: University of California Press, 1989), 42.

⁵⁸Ann Sauer, interview with the author, 25 March 1996.

appropriate reductions to cover the differences in cost. Appropriation committees in both chambers of Congress, as well as the House Ways and Means Committee and the Senate Finance Committee, rigorously opposed the cuts. According to Ms. Ann Sauer, an experienced veteran of the budget process on the Republican House Armed Services staff, "The year 1979 was the first real attempt, by members of defense appropriating committees, to alter the decisions of the House Budget Committee regarding defense by testifying in open hearings."⁵⁹ The Chairman of the House Budget Committee, claiming he could not overcome the objections of the seven committee chairmen in the House, ironically became one of the most ardent opponents to the reconciliation bill. Senate democrats scaled down the bill and successfully passed it in the Senate. Unfortunately, the second resolution was defeated in the House by a vote of 205 to 190.⁶⁰ The reconciliation process came to a deadlock between Republicans and Democrats, substantiating its failure to reduce deficits.

In 1980, however, a divided Congress shifted the reconciliation process to early spring to influence more effectively the first instead of the second resolution. Reconciling to the first resolution resulted in budget targets that essentially became binding, since other committees were forced to consider deficit targets early in the budget process. According to several budget experts, shifting the reconciliation process to the first budget resolution strengthened the overall relevance and influence of the budget committees. In general, however, the reconciliation process is most effective in controlling mandatory spending; its impact is less significant toward discretionary spending.⁶¹

⁵⁹Ibid.

⁶⁰White and Wildavsky, 44-45.

⁶¹Daggett and Elrod, interviews with the author, 26 and 29 March 1996.

The extent to which the congressional leadership, and other committees influenced the 1980 budget resolution, prior to its passage, is not clear. Nevertheless, the budget resolution strongly reflected the desires of the new Reagan Administration. The Senate and House Budget Committees included \$9 billion worth of spending cuts in the first budget resolution. Republican Delbert Latta described the reconciliation process as critical to the issue of balanced budgets:

When we are presenting a budget to the American people supposedly in balance, and there is about \$9 billion worth of revisions which must be made in present law in order to obtain that balanced budget, can we truthfully say that we have passed a budget resolution which is in balance, without providing the mechanism, namely reconciliation, to bring about those \$9 billion in savings? You know the answer as well as I do. You cannot do it with a straight face.⁶²

The reconciliation process was instrumental to Reagan's legislative strategy. In March 1980, the Senate Budget Committee reported out reconciliation instructions before the budget resolution, in a manner to gather support for broad spending cuts. The Republicans held the necessary votes with the support of "boll weevils" in Congress. "Boll weevils" were mostly fiscally conservative southern democrats who were willing to compromise with Republicans on fiscal matters. The Chairman of the House Budget Committee, James Jones, a conservative Democrat from Oklahoma, also preferred compromise to conflict when negotiating with the president and Senate. Accordingly, most of the president's legislative proposals passed into law during the first 100 days of the Administration.

⁶²Congressional Record, May 7, 1980, p. HR10159, quoted in White and Wildavsky, 46.

Many republican politicians and economists, however, had doubts regarding future GOP budget proposals. Though concerned by the possible impact of large tax-cuts on already excessive budget deficits, few Republicans were willing to oppose the president or David Stockman, director of OMB.⁶³ If any had done so, they would undoubtedly have been accused of abandoning the Republican party and platform.

One exception was Senator Pete Domenici, a Republican from New Mexico and chairman of the Senate Budget Committee, who often questioned the administration's economic proposals. His opposition to many of Reagan's economic policies reflected the growing power of the Budget Committee Chairmen in the budgetary process. If Republicans were serious about reducing the deficit, Domenici argued spending cuts in budget resolutions needed to include a freeze on Cost of Living Allowance (COLA) increases for Social Security. Arguing that Stockman's tactics prolonged deficit projections into fiscal year 1984, in opposition to Reagan's promise to balance the budget, Domenici challenged "rosy scenarios" and attempts to include "unspecified future administration savings" in budget resolutions. Claiming that Domenici alone could end the Reagan revolution before it ever got off its feet, the Administration furiously attacked him through other members of Congress and in the press.

Eventually, the president and the chairman of the Senate Budget Committee reached agreement. The Senate budget resolution passed through committee on April 16. The House budget resolution also gave the Administration most of what it wanted. Before passage in the Senate, however, the resolution was repackaged by GOP Budget Committee leader Delbert Latta and then Democrat Phill Gramm. "Gramm-Latta I," as the

⁶³White and Wildavsky, 119.

bill became known, reduced the deficit by an additional \$6.7 billion. With overwhelming support from Democratic boll weevils, the budget resolution eventually passed both chambers on May 6.

The 1980 budget resolution strategy reflected the growing influence of the Senate and House Budget Committees. In past year negotiations, appropriations committees controlled the debate between Congress and the Administration. During the 1980's, budget committees became the center of gravity for negotiations. Even during later budget summits, when the traditional budget process collapsed, budget committee members continued to play a vital role in defining future budgets.

Reagan, with support from the Republican Senate Budget Committee, convinced Congress to pass the first successful budget resolution. With passage of the Omnibus Budget Reconciliation Act (OBRA) of 1981 and the Economic Recovery Tax Act (ERTA) of 1981, Reagan directed his legislative team to implement tax cuts and further reductions in domestic spending.

OBRA implemented what many experts consider the most sweeping spending legislation in the history of congressional budgeting.⁶⁴ Reconciliation called for thirteen Senate and fifteen House authorizing committees to propose legislation leading to dramatic spending cuts. Over a three year period, spending cuts amounted to approximately \$12 billion, and Reagan slashed dozens of domestic social programs. The true significance of the passage of OBRA is that Reagan successfully bypassed the traditional committee system in Congress. It is unclear who drove the process. Whether it was OMB or the budget committees, Reagan effectively used the Senate and House

⁶⁴Ibid., 137

Budget committees as instruments of his administration. The authority of other congressional committees was seriously eroded. Carl Perkins, chairman of the Education and Labor Committee, said that authorizing committees were "meeting with a gun pointed at our heads."⁶⁵ Budget committees had suddenly become more relevant to the budget process.

The Economic Recovery Act of 1981 had far more lasting implications than OBRA. ERTA implemented the most sweeping tax cuts in budgetary history. Highly popular with the American people, Congress passed broad tax cuts on August 4, 1981. There was little any committee could or would do to ax the proposal. Unfortunately, the Kemp-Roth tax cuts later resulted in the loss of badly needed revenue to pay for increased defense spending and reconcile growing budget deficits.

Reagan's economic package preceded what White and Wildavsky refer to as the "worst economic slump since the Great Depression."⁶⁶ Reaganomics was in trouble. Stockman predicted a \$75 billion deficit for fiscal year 1984, and tried to convince the president into slowing the defense buildup. But Secretary of Defense Weinberger would prevail in the debate over defense. By late September of 1982, Reagan announced, "I did not come here to balance the budget--not at the expense of my tax cutting program. If we can't do it in 1982, we'll have to do it later."⁶⁷ Reagan believed it was far more important to decrease inflation, while increasing business activity as well as employment. As the recession continued, however, Reagan was forced to increase taxes.

⁶⁵Ibid.

⁶⁶Ibid., 184.

⁶⁷Ibid., 196.

By 1982, inflation continued to exacerbate budget deficits and threaten the economy. Congress and the Administration reacted by passing the Tax Equity and Fiscal Responsibility Act (TEFRA) of 1982. Described as a bill ensuring tax code compliance and correction of previous tax law deficiencies, Reagan supported its passage. The president believed proposed tax hikes were compensated by cuts in spending by a ratio of 1 to 3. In fact, the ratio of cuts to tax increases was more like 1 to 1. By August 17, 1982, TEFRA passed both chambers of Congress. In an effort to answer legitimate concerns over growing budget deficits, Congress had turned the tide of Reagan's revolution.

By the end of 1982, it is somewhat unclear who prevailed over the budget battle. Successful in their military buildup during a major recession, Republicans also reduced the rate of domestic spending far more than expected. On the other hand, Democrats deemed the president's budget proposals dead on arrival and claimed they had effectively halted the Reagan revolution. The Senate Budget Committee played an important role in the defense buildup. Republican Senator Slade Gordan assessed the situation by stating: "1981 was the year of the president, 1982 was the year of the Senate Republicans; 1983," he concluded, referring to a well-publicized film, "is the Year of Living Dangerously."⁶⁸

The 98th Congress, meeting from 1983 to 1984, embodied the strife and conflict that set the stage for the Gramm-Rudman-Hollings Act of 1985. "Rosy scenarios" crafted by Stockman predicted far greater growth in the gross national product (GNP) than was realistically feasible.⁶⁹ Misrepresentation of economic assumptions further exacerbated the

⁶⁸Ibid., 309.

⁶⁹The Gross National Product (GNP) is the dollar value of all the final goods and services that could be produced in the nation in a given year if all its resources were fully employed.

effects of tax cuts on the deficit. Furthermore, the economy performed worse than expected.⁷⁰

Deficits grew larger. On March 15, 1983, House Budget Committee Democrats drafted a new budget proposal, increasing domestic outlays by \$32 billion, cutting defense by \$9 billion, and raising revenues by \$30 billion. Budget authority was sliced by \$16 billion, amounting to only a 4% real growth increase, compared to a 10% increase requested by the White House and a 7.5% increase recommended by the House Armed Services Committee. The plan passed the House vote, 229 to 196, with the help of 26 newly elected Democratic members. Furious with this proposal, Reagan demanded that Domenici delay the Senate committee vote until he could gain the support of the American people. On April 8, the president met with Domenici to discuss the Senate Budget Committee's plan. Domenici proposed a real growth increase of 5% for defense. Majority leader Howard Baker proposed a 7.5% increase. Reagan wanted to discuss the matter with Weinberger, but did not have time. Ready to vote on the first budget resolution, Domenici did so against the president's approval.

By the time Ronald Reagan put in a call to ... Domenici, the votes were lined up, the numbers had been written on a big green chalkboard and the clerk was ready to call the role. But Domenici, his teeth clenched with anger, nevertheless excused himself, stubbing out yet another Merit cigarette as he made his way to the phone booth marked "Senators Only." Domenici listened politely, his face reddening as Reagan barked into the phone: I am the president and I want you to hold off for awhile. People in that committee are coming up for reelection. They're going to be coming up to me for help.

Reagan's threat came too late. After Domenici hung up the phone, he joined all but four Republicans on the budget committee in voting for a defense spending increase that came to only half what the president had wanted.⁷¹

⁷⁰Wildavsky, 341.

⁷¹Ibid., 368.

A point that should be made in the context of this discussion is that during the Reagan Administration the focus of debate centered on the decisions made by the budget committees. The decisions reached by Domenici became more critical than those being made by authorizers and appropriators. Reagan focused on the defense totals, and not issues of how the funds would later be spent. Those decisions were left to his Secretary of Defense and the other defense committees. This point highlights the nature of the budget debate regarding budget committees and budget resolutions. According to one staff member of a Defense Appropriations Committee:

The budget resolution process is a very political process, involving the most senior players in government. It is pure politics. Other issues are secondary. Problems are resolved between the most senior leaders of both chambers and senior members of the Senate and House Budget Committees, with representation from the appropriations committees and some participation by authorizers. When the Administration is of the same political party as the majority of Congress, they too participate in the negotiations. Once the issues are resolved politically, the committee is left to handle the details. The budget resolution then becomes a tool for the budget committees to ensure other committees abide by the totals. It is good politics for other committees to abide by the budget resolution. For all practical purposes, the resolution became binding.⁷²

Although the fiscal year 1984 budget resolution passed the budget committee vote, significant issues regarding revenues remained. It was not until mid-May that the entire Senate passed the first budget resolution. The concurrent resolution eventually passed on June 20.

⁷²Interview with member of Defense Appropriations Subcommittee, 26 March 1996.

In 1984, major policy differences between Congress and the president created further gridlock in the budget process. Believing a budget resolution would seriously hinder his defense plans, Reagan pursued early negotiations with congressional leaders to reach a compromise on new deficit targets. On March 15, 1984, the president and Democratic and Republican leaders announced the Rose Garden Agreement. The agreement included \$149.5 billion in savings. It kept domestic spending stable and accepted the president's demand for defense. Senate Republican leaders decided to make the agreement into a separate bill. On June 27, Congress approved the conference report on H.R. 4170, the Deficit Reduction Act of 1984, although a budget resolution still had not been passed. The budget process collapsed, and Congress developed continuing resolutions to operate government. As Sauer has noted, "During times of conflict and political gridlock, budget committees become somewhat irrelevant, if they do not pass a budget resolution."⁷³ This was the case in 1984.

By 1985, a feeling of hopelessness prevailed throughout Congress and the Administration. It appeared little could be done to bring deficits under control. The budgeting dilemma persisted as President Reagan insisted on reducing the deficit while increasing defense spending. Entitlement spending continued to grow as both Republicans and Democrats refused to propose real cuts to Social Security or Medicare programs. By 1985, all parties in the budget process were desperate for new leadership. Senators Gramm, Rudman, and Hollings sought the solution.

⁷³Sauer, interview with the author, 25 March 1996.

Gramm-Rudman-Hollings I & II

Four major initiatives were established in the Deficit Reduction and Balanced Budget Act of 1985:

- (1) setting deficit limits over five years to reduce the deficit to zero by fiscal year 1991;
- (2) enforcing sequestration procedures when Congress and the president could not agree on a budget;
- (3) accelerating the budget timetable; and
- (4) establishing PAY-AS-YOU-GO rules to keep Congress honest when it votes on tax and spending legislation.⁷⁴

The deficit made it much more difficult to govern. Neither Republicans could get what they wanted for defense nor could Democrats increase domestic spending.

Requesting the usual defense increases and cuts in domestic programs, the president's fiscal year 1986 budget proposal remained irrelevant to congressional budgeting. The battle over the fiscal year 1986 budget resolution dragged on through the summer. The Senate Budget Committee passed its resolution on May 10, 1985, calling for a defense freeze and reduced COLA increases for Social Security. Though contesting a freeze on COLAs, and disagreeing on defense totals, the House of Representatives passed their resolution on May 16. The process then came to a halt. By July 28, a concurrent budget resolution still had not passed, and budget committees had become irrelevant to the process. The House had already voted on five appropriation bills. The budget resolution finally passed on July 30. Failing to solve the deficit, it projected a \$171.9 billion for fiscal year 1986.

⁷⁴White and Wildavsky, 516.

During the congressional recess, frustration over the failed budget process lingered, and three Senators went to work to develop an alternative. Ironically, all three were members of the budget committee. The result was the Gramm-Rudmann-Hollings Act of 1985. Phill Gramm, a Democrat turned Republican Senator from Texas, proposed attaching the GRH bill as a rider to the next bill increasing the national debt ceiling. He developed "sequestration", that is, a process by which across the board cuts would be implemented if Congress and the president did not reach agreement on how to achieve deficit targets. The GRH act established declining targets for the deficit over a five year term. Targets were \$180 billion in 1986, \$144 billion in 1987, \$108 billion in 1988, and so forth in \$36 billion chunks. Many believed the genius of sequestration was that it changed the consequences of inaction.⁷⁵ Advocates hoped GRH would solve the budget dilemma.

On October 14, 1985, President Reagan endorsed GRH. Dole and Domenici were already aboard. No one knew exactly the consequences of such an act. Senator Rudman called it "a bad idea whose time had come."⁷⁶ GRH set deficit targets, applied sequestration procedures, and did away with the second budget resolution, which had already become inconsequential to the process.

The Gramm-Rudman-Hollings Act also introduced several new points of order that made the budget resolution more binding. Points of order are objections that can be raised by members when an amendment violates the procedural rules of the Senate or House. The rules of the individual chamber govern which points of orders may be

⁷⁵Ibid., 442.

⁷⁶Ibid., 445

introduced for specific types of legislation. Points of order could be raised in committee or on the floor to reduce the number of amendments to bills. The Senate allowed points of order to be raised when it appeared that a senatorial amendment would cause the deficit targets in GRH to be exceeded. All congressional staff members interviewed for this research agreed that "points of order" proved to be an effective manner to limit irrelevant riders to budget resolutions.⁷⁷ GRH also changed the 302b process, a process by which the budget committees allocate moneys to other committees of Congress. New points of order disallowed the Appropriations committees from exceeding their allocation on early bills, claiming the difference would be made up later. One congressional staff member indicated that later as part of GRH II, "Senatorial points of order required a two-thirds majority vote for them to be waived. This action made it particularly more difficult for Senators to amend the budget resolution on the Senate floor, without substantial consensus."

Unfortunately, the incentives of GRH all worked toward delaying the decision-making process. Appropriators were unlikely to introduce spending cuts until sequestration took place. Otherwise, programs could be cut twice. Any action on appropriations meant confronting senatorial points of order. Congress had constructed a doomsday machine, all right. But instead of forcing action due to the threat of horrible policy consequences, it made inaction the best strategy. The victim would be not the deficit but Congress itself.⁷⁸

⁷⁷Points of order are the primary instrument used by Congress to enforce the provisions of budget and reconciliation acts. Since 1990, they have been effective in limiting the number of amendments to budgetary legislation. See Congressional Research Service, Library of Congress Points of Order in the Congressional Budget Process (Washington DC: CRS Report 94-874, 1994)

⁷⁸White and Wildavsky, 460.

In practice, GRH did not change the behavior of members of Congress nor solve the budget dilemma. According to one appropriations staff member, "GRH didn't focus on long term efforts to reduce the deficit. It put the premium on short-term spending and lost control of spending in the outyears."⁷⁹ GRH was particularly dangerous to defense interests. Sequestration impacted defense in greater proportion than other programs, since defense made up nearly fifty-percent of total discretionary spending. Recognizing the potential for others to propose defense cuts, President Reagan, and especially Secretary of Defense Casper Weinberger fought to protect the defense budget. However, in 1986, the Senate Budget Committee proposed a resolution with less defense spending and higher taxes than requested by the Administration. On May 2, it passed the Senate with a vote of 70 to 25. In the House, the resolution passed on May 15 with a vote of 245 to 179. The House resolution allotted the same revenues as the Senate (\$10.7 billion), and cut defense and other domestic programs while protecting programs for the poor. On June 26, 1986, Congress approved the concurrent budget resolution.

Meanwhile, the Supreme Court ruled that participation of the Comptroller General in the sequestration process was unconstitutional. On July 7, the Court declared that "the powers vested in the Comptroller General...violated the command of the Constitution that the Congress play no direct role in the execution of the laws."⁸⁰ The Comptroller had been designated to assess on economic forecasts that governed the process and implement sequestration. The issue was finally resolved by allowing both OMB and CBO to cast

⁷⁹Interview with Defense Appropriations Subcommittee staff member, 28 March 1996.

⁸⁰White and Wildavsky, 511.

economic forecasts for the deficit, divide the difference, and have OMB institute the sequestration. In fact, neither Congress nor OMB desired to execute sequestration procedures. The consequences of having to slash billions of dollars in one fiscal year eventually proved intolerable for politicians and economists alike.

The difficult decisions came in fiscal year 1987 when real cuts were needed to remain within the targets set by GRH. On August 15, CBO and OMB submitted their estimates of the deficit. CBO estimated \$170.6 billion and OMB at \$156.2 billion. Both were averaged as required by law and the estimated debt was publicized as \$163 billion for fiscal year 1987. With a \$10 billion built-in fudge factor, Congress and the president would have to cut several more billion dollars. Instead, Congress and the president agreed to fudge the numbers. They accounted for an extra \$1 billion in revenues resulting from the tax reform act of 1986, therefore, avoiding sequestration. The first GRH budget battle ended with a continuing resolution

Gramm-Rudman-Hollings budget deficit targets were largely considered unrealistic by all key players in the budget process. In September 1987, the Democrats put together a new proposal for GRH. Gramm-Rudmann-Hollings II required a \$23 billion cut in fiscal year 1988 and none in fiscal year 1989, an election year. The Balanced Budget Reaffirmation Act of 1987 proposed a \$136 billion deficit in fiscal year 1989 with cuts down to zero by fiscal year 1993. Furthermore, OMB was permitted to revise deficit targets based on updated annual economic forecasts.

For the most part, GRH I and II proved to be ineffective in reducing budget deficits. They imposed on Congress and the president expectations that ran counter to the dilemma between fiscal constraint and the government's need to provide goods and services. Draconian cuts were not feasible nor acceptable to the American people; neither were tax increases such as those proposed during the Carter administration. In an attempt to do something about the deficit issue, Congress revisited the rules and changed the objectives.

The Budget Enforcement Act of 1990

Toward the end of the 101st Congress in September of 1990, the Omnibus Budget Reconciliation Act of 1990 developed as an agreement between President Bush and congressional leaders. Bush and Congress agreed to a deficit reduction plan with estimated savings of approximately \$500 billion. The plan, implemented as part of the Omnibus Reconciliation Act (OBRA) of 1990, focused on constraining the rate of federal spending instead of achieving deficit targets that were considered inconsistent with the will of the president, members of Congress, or the American people. The Budget Enforcement Act amended both the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudmann-Hollings) and the Congressional Budget Act of 1974. It raised deficit targets as shown in Table 3. The targets were set high to prevent recession, assimilate the effect of the savings and loan bailout, which were estimated at \$100 billion, and account for surplus in the Social Security fund that no longer counted toward reducing the deficit.

Table 3
Original and Revised Deficit Targets
(amounts in billions of dollars)

Fiscal Year	<i>HR5835</i>				
	1985	1987	House Passed	Senate Passed	Public Law 101-508
1986	171.9				
1987	144				
1988	108	144			
1989	72	136			
1990	36	100			
1991	0	64	302.3	242	327
1992		28	276.8	219	317
1993		0	189.7	165	236
1994			58.1	86	102
1995			18.7	62	83

Source: Congressional Research Service Report 90-520.

The Budget Enforcement Act replaced sequestration with spending caps on three separate categories of spending; defense, international, and domestic. It set new limits for both outlays and budget authority between fiscal years 1990 and 1993. When the president submitted his budget for each fiscal year, he adjusted the discretionary spending limits to reflect changes in inflation, and other economic factors.⁸¹ Such was the case in November 1991, when OMB adjusted defense totals to reflect the addition of emergency appropriations for Operation Desert Shield. During the first three years, "firewalls" between the three categories prevented transfers of funds from one category to pay for increase spending in another. Primarily, these "firewalls" helped to protect defense funds from being used to fund increased domestic expenditures. Table 4 reflects the individual spending limits.

⁸¹Other economic factors include changes in budgetary concepts and definitions, and changes in estimates of credit subsidy. See Congressional Research Service: Library of Congress, Budget Enforcement Act of 1990 (Washington D.C.: CRS Rep. 90-520, 1990), 4.

Table 4
Discretionary Spending Limits: Fiscal Years 1991-1995
(amounts in billions of dollars)

	<i>FY1991</i>	<i>FY1992</i>	<i>FY1993</i>	<i>FY1994</i>	<i>FY1995</i>
Defense					
BA	289.9	291.6	291.8		
Outlays	298.8	295.7	292.7		
International					
BA	20.1	20.5	21.4		
Outlays	18.7	19.1	19.6		
Domestic					
BA	182.9	191.3	198.3		
Outlays	198.3	210.1	221.7		
All Categories					
BA				510.8	517.7
Outlays				534.8	540.8

Source: Congressional Research Service Report 90-520

In 1994 and 1995, the three categories of spending were lumped into a single discretionary fund. If targets were missed in a given fiscal year, then "across the board cuts," within the category for fiscal years 1990-1993, and across the entire discretionary fund in fiscal years 1994-1995, would be executed. The estimated totals for fiscal years 1995-2000 are as shown in Table 5.

Table 5
Estimated Discretionary Spending Limits: FY 1995-FY 1998
(in billions of dollars)

<i>Spending</i>	<i>FY1995</i>	<i>FY1996</i>	<i>FY1997</i>	<i>FY1998</i>
Discretionary				
BA	508.5	520.6	529.8	536.1
Outlays	547.9	549.2	549.9	551.1

Source: Congressional Research Service Report 95-457

The Budget Enforcement Act also provided a second sequester affecting proposed decreases in revenue and increases in entitlement spending. It implemented "pay-as-you-go" (PAYGO) rules for new legislation that was not deficit neutral, forcing members to propose cuts to compensate for increased spending within their same category. Original GRH legislation regarding points of orders remained in effect.

The Budget Enforcement Act of 1990 significantly reduced the authority and responsibility of budget committees. By using the totals in the presidential budget request as the ceiling for the budget resolution and reconciliation, it diminished the role of the budget committees. The authority for setting the targets was essentially passed to OMB and the president. According to Chartrand, the Act also gave the appropriators and authorizers greater flexibility to budget.⁸²

The Budget Enforcement Act replaced the hostage mentality of GRH with real policy change. It did not, however, prevent the economy from impacting entitlement programs. Inflation and social factors such as the aging population continued to have the greatest impact on the deficit and national debt.

⁸²Chartrand, interview with the author, 26 March 1996.

Recent Changes to the Budget Process

Since 1990, Congress has made relatively few and less extensive changes to the budget process. In the Omnibus Reconciliation Act of 1993, Congress extended the discretionary spending caps and PAYGO requirements for entitlement programs through fiscal year 1998 (See Table 6). The extension ensured sizable deficit reduction, achieved in there reconciliation measure, continued.⁸³

Table 6
Discretionary Spending Limits: Fiscal Years 1994-1998
(in billions of dollars)

	<i>Fiscal Year</i>				
	1994	1995	1996	1997	1998
Current Law					
BA	509.9	517.4			
Outlays	537.3	538.9			
1993 OBRA Revision					
BA	509.9	517.4	519.1	528.1	530.6
Outlays	537.3	538.9	547.3	547.3	547.8

Source: Congressional Research Service Report 95-457.

The 1993 act also included provisions, by way of presidential executive order 12857 and a simple House Resolution to account for growth in direct or mandatory programs. Direct or mandatory spending programs consist largely of entitlement programs. Of the entitlement programs, the fastest growing categories are Social Security, Medicare, Medicaid, Federal civilian and military retirement, and unemployment compensation. The

⁸³Congressional Research Service: The Library of Congress, Budget Process Changes Made in the 102nd-103rd Congresses (1991-1994), by Robert Keith and Edward Davis, Specialists in American National Government, (Washington, D.C.: CRS, GOV 95-457, 1995), 4-5.

interest paid on the national debt also constitutes a large percentage of direct spending.⁸⁴

To enforce these provisions, Section 23 of the Budget Resolution for Fiscal Year 1995 prohibited the Senate (but not the House) from considering direct spending or revenue legislation that results in increases to the deficit during:

- (1) the first fiscal year covered by the most recent budget resolution;
- (2) the five fiscal years covered by the most recent budget resolution; or
- (3) the five fiscal years following those covered by the most recent resolution.⁸⁵

Though not binding by law, these provisions encourage Congress and the president to consider the runaway costs of existing entitlement programs.

On January 4, 1995, on the opening day of the 104th Congress, the House of Representatives passed House Resolution 6 (H. Res. 6), designed to implement many of the proposals in the Contract for America (See Appendix B). As part of H. Res. 6, the House expanded the jurisdiction of the House Budget Committee. Previously, the House Budget Committee had little formal jurisdiction over the rules governing budget legislation. Jurisdiction over these procedures was given primarily to the House Government Operations Committee and the House Rules Committee. The 104th Congress also extended the number of terms a member could sit on the Budget Committee from three to four Congresses of five successive Congresses.⁸⁶

⁸⁴Ibid., 5.

⁸⁵Ibid., 10.

⁸⁶Congressional Research Service, Library of Congress Budget Process Changes Made in the House in January 1995 (H. Res. 6) (Washington D.C. CRS Rep 95-432, 1995), 9-12.

As we approach the twenty-first century, the budget dilemma continues to plague all players in the budgetary process. The realities of a post-Cold War era create new political and economic challenges for Congress and the Administration. All federal agencies, including the Department of Defense, must contend with changing national priorities that impact their own budgets. As the political-economic environment changes, so do the players in the political processes and their strategies. Analysis of the politics of shared power between Congress, the Administration, and the Department of Defense, will help us to better understand the role of Congressional Budget Committees and their impact on the Department of Defense.

PART II

THE POLITICS OF SHARED POWER:

CONGRESS AND DOD



Chapter 4

The Struggle for Power: Committees at Work

Congress in session is Congress on public exhibition, whilst

Congress in its committee-rooms is Congress at work.

*Woodrow Wilson*⁸⁷

In his Pulitzer prize-winning book, The Power Game, Hedrick Smith depicts a power struggle whose fault line divides the politics of old from that of the new Washington power game. The Watergate scandal, “aroused a snoozing Congress and made it mad.”⁸⁸ The consequences of Watergate, and the Congressional Budget and Impoundment Control Act of 1974 are still with us today. Congress became more independent of the White House; congressional power dispersed across newly created subcommittees, as formerly established power centers fragmented; and the influence of political parties over individual members has eroded. All of these factors have contributed to the rise of Congressional Budget Committees and merit discussion throughout this chapter.

Aside from Watergate, another politically defining moment in history occurred in 1994, with the Republican takeover of both chambers of Congress for the first time in forty years. The implications are still unpredictable in the ongoing debate over the budget. To understand budget committees and their impact on the Department of Defense, it is useful to understand the politics of shared power that characterize today’s congressional committee system, and how it relates to the Department of Defense.

⁸⁷Woodrow Wilson, Congressional Government (New York: Mentor Books Publ., 1954) 79.

⁸⁸Hedrick Smith, The Power Game (New York: Random House Press, 1988), 21.

Congressional committees are the epicenters of Congress. Without them, it is inconceivable how Congress could possibly address the thousands of legislative bills proposed each year, nor conduct the oversight of federal agencies. To this extent, the politics of congressional committees dominates the politics of Congress. The impact of individual members on the budgetary process is frequently as noteworthy as the actions of entire committees. Chartrand strongly endorses analysis of contributions made by individual members in the budget process.⁸⁹ It is, therefore, helpful to investigate who those key players are, and what roles they perform in the congressional budget process. Congress is a dynamic institution whose own center of gravity often depends on time and circumstance.

Four primary committees govern the Department of Defense. The authorizing committees include the Senate Armed Services Committee and the House National Security Committee. Before the 1994 elections, the House National Security committee was called the House Armed Services Committee. The other two committees are the Senate and House Appropriations Committees; each of which has two defense related subcommittees; one called Defense and the other Military Construction. There are several other committees that influence defense budgets. For example, the fiscal year 1996 budget includes approximately \$11 billion for atomic energy defense activities of the Department of Energy, and nearly \$562 million for defense related activities of other agencies. This paper, however, only discusses the four primary committees and their relevant subcommittees.

⁸⁹Chartrand, interview with the author, 28 March 1996.

In general, congressional committees serve two very broad purposes: they satisfy member's individual and institutional needs.⁹⁰ Defense committees are no different. As individuals, members recognize the relationship between committee service and re-election. Most defense committee members represent districts with strong defense interests. Representation on these committees allows them to protect the interests of their constituents. Since defense expenditures constitute nearly 50 percent of the discretionary budget, as illustrated in Figure 1, it is on defense committees that members have a relatively better chance of seeking funds and jobs for their districts. Those that do not represent large military districts leverage their influence on issues of common interest to fellow members. There is a paradox to be found in this discussion. Too often, the interests of congressional districts or states run counter to the interests of the Department of Defense. This paradox is not new to defense budgeting. However, many members worry that defense committees have gone too far in placing their constituents' interests over larger issues of national security.⁹¹ The impact of this circumstance is often reflected in the debate regarding "pork barrel" politics.

According to Senator Ted Stevens, chairman of the Appropriations subcommittee on Defense, "Congress has made the defense bill a jobs bill."⁹² This makes it difficult to budget with a long term strategy. When Congress cuts total defense spending, members may still increase funding for items they prefer. Reflecting on her experience as a long

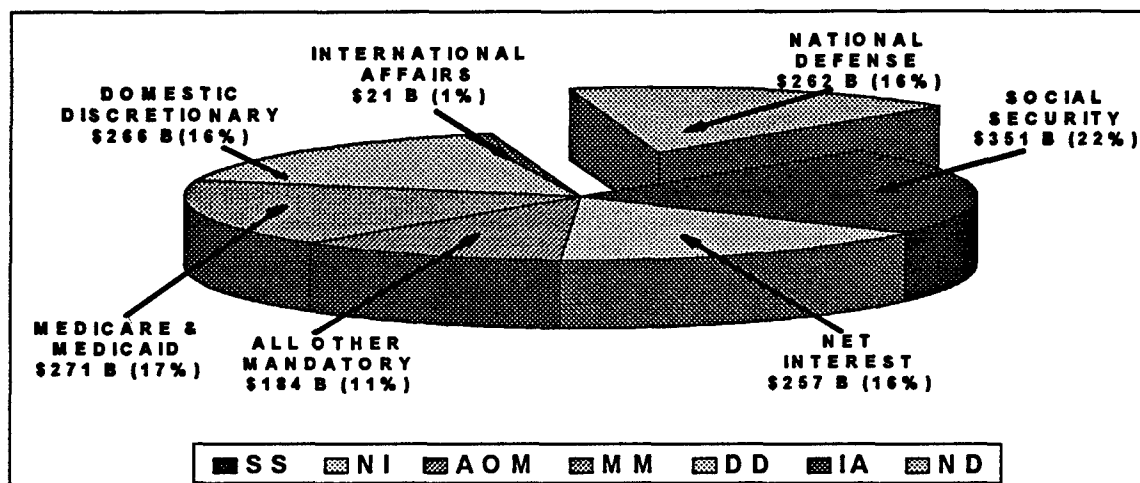
⁹⁰Walter H. Davidson and Roger J. Oleszek, Congress and Its Members (Washington, D.C.: Congressional Quarterly Press, 1994) 203.

⁹¹Interview conducted by the author with a party leader professional staff member, 29 March 1996, Washington D.C..

⁹²Paul Stockton, "Beyond Micromanagement: Congressional Budgeting for a Post-Cold War Military," Political Science Quarterly 110, (November 2 1995): 240.

time staff member on the House National Security Committee, Marilyn A. Elrod, "...fears the Defense Budget is turning into an entitlement program."⁹³

Figure 1
1996 Spending by Category: National Defense



Senator John McCain, a Republican from Arizona and a strong supporter of the Department of Defense, leads the fight against "pork barrel" legislation, protecting defense budgets against unwanted spending. McCain claims "the insertion of these items has become an incredible art form." While line item vetoes may deter members from this action in the future, the situation has not improved with the 104th Congress.

While the Pentagon struggles to close 79 military bases it does not need, Congress has added \$500 million to the fiscal year 1996 defense budget. The military construction bill is now the primary instrument to bring pork back to congressional districts. Roughly

⁹³Elrod, interview with the author, 29 March 1996.

60 percent of all new construction spending is now distributed to GOP congressional districts.⁹⁴ In many of these requests, Congress is asking the Pentagon to expedite expenditures planned for later years. For example, Representative Norm Dicks, a Washington Democrat, is asking the Navy to spend \$10.4 million to upgrade the Puget Sound Naval Shipyard gym facility that is not scheduled for repair until 2001. The request makes for good politics during an election year. It is noteworthy that there are rarely disagreements between the Budget Committees and the Appropriations Subcommittees for Military Construction.⁹⁵ Put simply, when there is money to spare, conflict is minimized. Representative David Minge, a Democrat from Minnesota and co-chairman of the bipartisan "pork buster" coalition, however, argues that "Pork barrel spending is undermining efforts to reduce federal spending. The resolve we have as a nation to accept the sacrifice necessary to balance the budget is undermined when certain communities get prizes while other people are trying to tighten their belts."⁹⁶

As a general rule, budget committees do not engage in the politics of pork barrel legislation, however; by dictating overall defense budget totals, they indirectly influence the amount of pork barrel legislation. During periods of increased defense spending, the pork barrel grows larger. Alternatively, when defense spending shrinks, so does the pork barrel. Budget committee members, such as John Kasich, are recognized for their opposition of pork-barrel legislation. Pentagon legislative liaison officials indicate that, for

⁹⁴Bruce B. Auster, "Help yourself to some pork," U.S. News and World Report, 24 July 1995, 34.

⁹⁵Interview with an Appropriations Subcommittee staff member, 25 March 1996, Washington D.C..

⁹⁶Auster, 34.

the most part, the level of pork barrel items earmarked for defense have decreased over the past two years.⁹⁷ Daggett confirms this finding, noting:

Earmarks for defense differ from most other legislation. DoD Appropriations Bills are unique in that they are very detailed documents. Most of the earmarks are clearly recognized and debated in committee. DoD gets a lot of the attention regarding pork barrel spending, but at least most of it is clearly on the record.⁹⁸

Reflecting on the overall impact of pork barrel legislation, Senator Sam Nunn, a Democrat from Georgia and ranking minority member of the Senate Armed Services Committee, said: "Members of Congress and their Staff are focusing on the fine grains of sand on the beach, while we should be looking over the broad ocean and beyond the horizon."⁹⁹ This behavior also reflects a lack of incentive for members of Congress to focus on defense policy.

In summary, defense committees provide ample opportunity to fulfill the individual needs of congressional members. Some experts argue members of Congress excessively focus their attention and energy on constituent concerns at the expense of the Department of Defense. However, it is always useful to remember that members of Congress can not perform their legislative duties unless they are reelected by the people who sent them to Congress.

Committees also function to fulfill member's institutional needs. Members increasingly seek assignments to "power committees," such as the budget, appropriations, and tax committees. Assignment to these prestigious committees gives members inordinate power over fellow members. Committee assignments often provide expertise in

⁹⁷Interview conducted with legislative liaison officials in the Pentagon, 26 March 1996, Washington D.C..

⁹⁸Daggett, interview with the author, 26 March 1996.

⁹⁹Stockton, 243.

areas of particular interest to members or their constituents. Expertise regarding defense issues, though perhaps not as significant as when relatively few members held most of the knowledge and power in Congress, still commands the respect and deference of other members. This point is further illustrated by Stockton in his assessment of legislators specializing in defense policy.

Infrequently, there are legislators who are driven to issues of analysis regarding defense. They are the policy wonks; men like Les Aspin and Sam Nunn. Others include Senator Byrd, former Senate Budget Committee Chairman Jim Sasser (D-TN), and former House Budget Committee Chairman Leon Panetta who have also held hearings on Defense policy issues. On the Republican side Senators John Warner (R-VA), William Cohen (R-ME), and Senator McCain have all offered their assessments to redefine defense spending in the post-Cold War world.¹⁰⁰

As financial resources appropriated for defense diminish, the ability of members to shape defense budgets, from a policy perspective, gains them greater influence in the budget battle. An example of using policy to gain budgetary favor was, perhaps, best demonstrated by Les Aspin, former Chairman of the House Armed Services Committee. Aspin used his broad policy proposals to affect the decisions of other congressional committees. On 24 February 1992, before the House Budget Committee voted to set the Defense spending ceiling in its fiscal year 1993 budget resolution, Aspin briefed Budget Committee members on his analysis of long term defense options. Budget Committee Chairman Leon Panetta endorsed the analysis. The committee adopted Aspin's spending figures and his overall force structure proposal. Aspin critics subsequently charged that, by focusing on analysis and withholding his spending recommendations until the Budget Committee voted, he had made his position much more difficult to challenge.¹⁰¹ Aspin

¹⁰⁰Stockton, 238.

¹⁰¹Stockton, 255

attempted to sway key senators by sending them drafts of his strategy papers. He used strategy to overcome congressional fragmentation and extend his influence over other congressional committees. Then-Secretary of Defense Dick Cheney and the service chiefs testified against Aspin's recommendations fearing the House would adopt the budget resolution targets based solely on his study. While the fragmentation of congressional power across several committees impedes agreement on a single strategy for defense issues, policy and strategy are becoming far more important weapons in the competition between committees for budgeting influence.¹⁰² Recently, the Chairman of the Joint Chiefs of Staff, and the heads of the individual services have testified before the budget committees, as part of the ongoing debate over defense budgets and policy. Not all members of congressional staffs interviewed by the author agree that policy has a significant influence on the outcome of defense budgeting. Many believe policy debate is less significant than issues of local state or district politics. As one professional staff member on the House National Security Committee enumerated crisply:

Authorizers tend to base their arguments on policy more than appropriators. Appropriators seem far more concerned in fulfilling their constituent duties. The budget committees only have a marginal impact on policy decisions.¹⁰³

One appropriations staff member was more blunt in his assessment, simply stating:

Appropriators pay no attention to Budget Committee policy recommendations in the budget resolution. The authority of the budget committees ends when the total targets for the budget are handed down to the appropriations committee. Beyond that point in time, budget committees are irrelevant to the process of budgeting.¹⁰⁴

¹⁰²Ibid.

¹⁰³Interview, conducted by the author, with a professional staff member on the House National Security Committee, 25 March 1996, Washington D.C..

¹⁰⁴Interview conducted with an Appropriations Subcommittee staff member, 28 March 1996.

It is likely policy analysis and rational decision-making play an important role in budgetary policy formulation. However, there is no reason to expect that rational decision-making will apply in every respect to all defense related decisions. Members of Congress will always base their decisions on several factors, rational and otherwise, that allow them to compromise as needed to achieve consensus between conflicting interests. Perhaps, after all factors are considered, the process is indeed rational.

From an institutional perspective, members on defense committees can shape national security policy. Davidson and Oleszek argue that committees are the “centers of policy making, provide oversight of federal agencies, and educate the public (largely, through the hearings they hold).”¹⁰⁵ Though many students of the legislative process may contest the value of congressional hearings as education, defense committees, undoubtedly, serve a critical role in shaping defense policy and establishing oversight on the Department of Defense.

Though committees serve to fulfill both the personal and institutional needs of individual members, political scientists continue to argue the purpose of congressional committees. Three principal arguments prevail. First, committee assignments allow members the ability to “bring home the bacon.” Second, committee structure allows Congress a supportable division of labor to reach complex decisions. Third, committee members act as agents of political parties and their leaders.¹⁰⁶ In practice, all three motives are present in the politics of congressional committees. While the first two

¹⁰⁵Stockton 203.

¹⁰⁶Davidson and Oleszek, 205.

arguments have already been discussed, it is now useful to discuss the role of congressional leaders as they impact committee politics and the Department of Defense.

Chapter 5

The Role of Leadership

Unlike the Executive branch of government, Congress is an institution of compromise and consensus. The role of leaders in Congress is to build the coalitions necessary to legislate or defeat legislation. Only to this extent should congressional leaders consider themselves successful.

To what degree, however, do party leaders dictate the behavior of budget committees? The dominance of party leaders over budget committees and individual members of Congress has changed significantly over the past fifty years. During the 1950's and 1960's, congressional decision-making was mostly secretive and based within committees. Because seniority among members dictated assignment to chairmanship positions, party leaders had limited influence over committee chairmen. This point is illustrated by an example in which former chairman of the House Armed Services Committee, L. Mendel Rivers, a Democrat from South Carolina, declared that he held "the most powerful position in the U.S. Congress."¹⁰⁷ Another example is cited when Congresswoman Pat Schroeder was given her seat on the House Armed Services Committee. Chairman F. Edward Hebert offered her his opinion of their respective roles: "The Lord giveth, the Lord taketh away, and I am the Lord. You'll do just fine on this committee if you remember that."¹⁰⁸

¹⁰⁷Lori Dee Lester, "Congressional budgeting for defense: Theory, process, and outcome," (Oklahoma: University of Oklahoma University Microfilms International Press, 1993) 96.

¹⁰⁸Ibid.

At about the same time budget committees were created, the power of party leaders grew in comparison to committee chairmen. Congressional reform dispersed power across dozens of newly created subcommittees. The rules changed; committee chairmen were, henceforth, selected by party caucuses, led by party leaders. From this time on, many committee chairmen owed their loyalty to party leaders, specifically the Speaker of the House and the Senate Majority Leader.

Party leaders assumed greater responsibility over budgeting. Macroeconomic policy decisions, influencing the entire breadth of congressional affairs, required the participation of party leaders to achieve consensus between key players in the political process. This point is aptly illustrated by Penner and Abramson:

The budget process and reconciliation have buoyed the role of party leaders. Because a budget resolution addresses the interests of most committees and members, it cannot be composed by the budget committee alone...In an era of legislative fragmentation, reconciliation has been an integrating force. It does not permit committees and subcommittees to go their separate ways regardless of the cumulative impact of their actions. It tests legislation in terms of a standard that can be developed and upheld only by those that have an institution-wide base. To the extent that reconciliation pervades legislative activity, it will strengthen the role of leaders. It cannot ensure, however, that they will be more successful in persuading party members to follow their lead.¹⁰⁹

Numerous interviews conducted for this research also indicate that the Senate and House Budget Committees had become political instruments of party leaders. Daggett notes that, "The budget resolution has become the primary legislative tool to implement policy set by congressional leaders. The budget resolution draws the attention of party leaders early in the budget process."¹¹⁰ There is an obvious point to be made in response

¹⁰⁹Rudolph G. Penner and Alan J. Abramson, Broken Purse Strings: Congressional Budgeting, 1974-88 (Washington D.C., The Urban Institute Press, 1988) 52.

¹¹⁰Daggett, interview with the author, 26 March 1996.

to Daggett's observation. The influence of budget committees has grown vis-à-vis that of other committees when the process functions as designed. Budget committee members guide the decisions that dictate future budgets, including those of the Department of Defense. Daggett's observation, however, does not imply budgetary decisions are being made without the participation of other committee leaders. In fact, budget resolutions are generally crafted with the participation of senior Appropriators and other influential members of Congress. Consensus among key players in the budget process always enhances the passage of resolutions through the legislative process, as well as the credibility of the final product.

One other point should be made in the context of this discussion. The legislative strategy employed by party leaders differs between the House and Senate. Chartrand explains this aspect between both chambers.

Budget Committees are a reflection of the House and Senate Leadership. Their styles reflect fundamental differences between the two chambers of Congress. Therefore, the manner in which leadership affects the budget committee is quite different. So are the strategies employed by the two budget committees to impact defense policy.¹¹¹

A profile of party leaders and their strategies helps to differentiate between the Senate and House leaders, and their potential impact on the Department of Defense.

In the House of Representatives, the Speaker, the majority leader, and the majority whip embody the core of leadership. Representatives Newt Gingrich of Georgia, Dick Armey of Texas, and Tom Delay of Texas embody the Republican ideology of the 104th Congress. The Speaker has broad powers to decide points of order, appoint numerous committee chairmen, and refer bills to committee. The majority leader schedules

¹¹¹Chartrand, interview with the author, 28 March 1996.

legislation and serves as the primary representative of the party on the House floor. The majority whip manages the whip system, to monitor and muster votes as needed to pass legislation. Coalitions form through numerous legislative strategies. Preferences depend on the circumstances regarding the individual bill, and the individual style of the leadership.

The Senate is more individualistic than the House, therefore; coalitions are far more critical for success. Senate leaders do not have the same bargaining resources as House leaders.¹¹² Individual senators have far more leverage, with their leaders than House members have with theirs. For example, any senator can offer amendments to bills, and they need not be germane to the issue being considered. House amendments are restricted by House leaders and must be germane to the legislation being considered. Therefore, Senate party leaders derive their power primarily from the loyalty they command from fellow members, as well as their ability to compromise when others do not. Senate leaders, in some regards, are more managers than leaders.

The question then remains: To what degree do congressional leaders influence the decisions of the budget committee? The answer is not always clear. During the Reagan administration, the Senate leader, Bob Dole was instrumental in convincing the chairman of the Senate budget committee Pete Domenici to agree with Reagan's economic platform. Domenici, the "deficit hawk," as will later be discussed, was a strong opponent of tax cuts and increased spending for defense. Several Republican members on the Senate Committee opposed Reagan's economic strategy. In fact, the first committee vote

¹¹²Christopher J. Deering, Congressional Politics (Pacific Groove, Calif.: Brooks/Cole Publ. Co., 1989) 149-151.

on the first budget resolution rejected the president's budget request. However, Dole and the president succeeded in convincing Domenici and the others to support the Republican proposal. In the House of Representatives, Tip O'Neil failed to garnish the support of the House Budget Committee or the sixty-three "Boll Weevils," that helped defeat the Democrat's proposed budget resolution, in favor of Gramm-Latta I. This example demonstrates the inability of one senior party leader to influence either his committee chairman or even more junior members of Congress. It further supports Penner's argument that: "Often, party leaders can not persuade members to follow their lead."¹¹³ Perhaps, the answer depends on timing and circumstance within the context of the political debate.

However, during the 104th Congress, Republican party leaders have overwhelmingly succeeded in manipulating budget committees and influencing the budget process. The case is especially true in the House of Representatives where Speaker Gingrich guides the decisions of the House Budget Committee. Several congressional staff members indicate that the House Budget Committee has become a mouthpiece for party leaders in the House.¹¹⁴ If correct, then several implications affect the Department of Defense. First, if the Speaker has complete reign over the budget committee, then he could be dictating the totals for Defense. This assumption suggests the Department of Defense should ensure the Speaker of the House has the information needed to reach the decisions he needs to make. Secondly, if the Speaker is indeed that influential, then the authority of the House Budget Committee is enhanced only to the degree that it concurs

¹¹³Penner, 52.

¹¹⁴Interviews conducted by the author with congressional staff members, 25-29 March 1996.

with the wishes of the House leadership. By becoming an instrument of congressional party leaders, the budget committees lose their independence and to some extent their relevance in the overall budget process. As long as the leadership's wishes are met, there is little need for the DoD to influence the decisions of the budget committees. The power is centered on the leadership and not the budget committee. However, one should not underestimate the power and influence of any committee chairman or the ability of the committee to influence the budgetary process. Each of the defense committees has been affected by the rise of budget committees; they have all altered their legislative strategies. Closer analysis of budget and defense committees will better illustrate this finding.

Chapter 6

Congressional Budget Committees

The significance of congressional decision-making on defense policy can not be overestimated. The Senate and House Congressional Budget Committees are key committees in the debate over the size and composition of the Department of Defense. As part of the annual ritual to develop the budget resolution, Budget Committees determine the aggregate total for the defense budget. During some years the budget resolution becomes the center of gravity for negotiations between committees, and between the president and Congress. However, during other years such as 1992 and 1993, when Congress and the president could not reconcile their differences, budget resolutions became practically irrelevant to budgeting. Passage of the resolution requires consensus among key players. The budget resolution, therefore, reflects compromise or gridlock between the leadership, the budgeters, the appropriators, and the authorizers. Budget committees provide the overall management of the budget. According to Elrod, "Budget committees have, for the most part, successfully handled the difficult task of balancing the economic and political forces affecting government decisions."¹¹⁵ A significant percentage of total discretionary spending, defense budgets substantially impact larger issues of balance in the federal budget, and strength of the economy.¹¹⁶ As federal resources dwindle over the next few years, it is likely that the role of Congressional Budget Committees will grow in comparison to that of other congressional committees.

¹¹⁵Elrod, interview with the author, 29 March 1996.

¹¹⁶Lester, 1.

The following paragraphs describe the key players, as well as the politics and issues that, today, impact congressional budget committees.

A "battle-scarred veteran of congressional budget wars," Pete Domenici of New Mexico, chairs the Senate Budget Committee.¹¹⁷ Though frequently persuaded to thwart his enthusiasm for deficit reduction during the Reagan-Bush era, Domenici is now, once again, in a position to lead the charge against budget deficits. His enthusiasm, however, is frequently tempered by Republican party leaders, and other members of Congress, who support tax cuts and increased defense spending. House Majority Leader Dick Arme of Texas repeatedly tries to make it clear that Domenici is not driving the "budget bus." Though Arme's efforts to influence Domenici do not go unnoticed, Domenici's fiscal year 1996 budget plan simply embodied Clinton's defense request. Domenici's defense budget proposed a decrease from \$262 billion in fiscal year 1995 to \$253 billion in fiscal year 1997. House Budget Committee Chairman John Kasich of Ohio proposed an increase to \$287 billion by fiscal year 2002.¹¹⁸ Budget and policy differences between leaders of the Republican Party reflect the tension that exists between congressional leaders and chairs of the various committees.

Of all the budget related chairmen, perhaps the most visible and enthusiastic budget hawk is Rep. John Kasich. It falls on his shoulders to deliver the promise of a balanced budget and tax cuts to the American people. Early in the 104th Congress, Kasich felt the rage of other chairmen, who perceived the young deficit hawk had exceeded the limits of his committee's budgetary prerogative. Daggett concurs; other

¹¹⁷Philip D. Duncan and Christine C. Lawrence, Politics in America 1996 (Washington D.C.: Congressional Quarterly Press, 1995) 860.

¹¹⁸Section Notes, Defense & Foreign Policy, Congressional quarterly, May 13, 1995, p. 1342.

committees believed the budget committee were exceeding the limits of their authority to determine defense policy and programs.¹¹⁹ Much of the hostility came from Robert Livingston of Louisiana, chairman of the powerful House Appropriations Committee. At a meeting attended by the Speaker and Livingston, Kasich was instructed to “temper his enthusiasm and allow the appropriators to do their jobs.”¹²⁰ One congressional staff member familiar with the details of this encounter cites that this incident redefined Kasich’s authority over defense policy.¹²¹ Nevertheless, Kasich continued the battle for a balanced budget. Interestingly, as a member of the House National Security Committee, Kasich warns other members against deep defense cuts. His opposition to cuts in defense, however, does not temper his opposition to certain defense programs such as the B2 bomber and the Seawolf submarine. In 1994, Kasich opposed the inclusion of \$125 million in the 1995 defense appropriations bill for preserving the option of buying more than 20 B2’s. The battle over B2 funding continues to this day. It is worth noting, however, that in general, authorizing and appropriating committees do not pay much attention to program and policy recommendations offered by the budget committees.¹²²

The Gramm-Rudman-Hollings (GRH) Act of 1985 placed the budget committees at the center of congressional decision-making on defense matters. As Allen Schick points out: before GRH, appropriators paid little regard to the concerns of budget committee members. An experienced staff member confirmed this perspective:

¹¹⁹Daggett, interview with the author, 26 March 1996.

¹²⁰Duncan and Lawrence, 1046.

¹²¹Interview conducted by the author with a party leader professional staff member, 29 March 1996, Washington D.C..

¹²²Sauer, interview with the author, 29 March 1996.

The budget resolution numbers were mentioned at most once or twice during markups, and that was by staff dragging it up. Afterwards, there was stoney silence and they went on to other stuff.¹²³

It is understandable how other committee members hesitated in considering budget committee requests. Schick attributes the members' reactions to "their desire to preserve the greatest possible degree of autonomy while coping with the traumas associated with the reformed budget process."¹²⁴ In fact, defense authorization bills are held hostage to the targets set forth in budget resolutions. If authorizers do not comply with resolution targets, and exceed them, appropriators must reconcile or reduce spending to meet the targets in the resolution. Otherwise, points of orders can be raised against their proposals. The greater danger to authorizations is that: if appropriators decide what to cut, those decisions could be reached based on their own set of priorities. Only by remaining within the resolution targets, can authorizers insist appropriators conform to the legislative intent of their authorizations.

The power of the budget committees over other committees is further demonstrated in the following passage:

That the authorizers take heed of the totals in the budget resolution is reflected in an example from the budget process for fiscal year 1988. In late March 1987, the House Armed Services Committee voted to work toward a total of approximately \$312 billion that was the level requested by the president. Although, then-committee Chairman Les Aspin, a Democrat from Wisconsin, argued that the House would likely approve a defense total significantly below this level in the as-yet uncompleted budget resolution, his committee colleagues declined to cut their planned authorization levels in anticipation of such a decision. The chairman conceded the decision, but affirmed his prerogative to revisit the issue and offer conforming amendments himself if budget resolution totals did in fact turn out to be lower. The day after the Armed Services Committee markup, the House adopted a budget resolution that undercut the authorizer's total

¹²³Lester, 109.

¹²⁴Lester 109.

by more than \$16 billion. ...To protect his panel's prerogatives, Rep. Aspin subsequently followed through on his promise to make the authorization conform to the defense total.¹²⁵

Authorizers and appropriators abide by targets set forth in budget resolutions. According to one congressional staff member on one appropriations committee staff, "The binding relationship of the budget resolution is what gives the Budget Committee its credibility and dominance over the budget process."¹²⁶ This opinion is supported by the figures presented in Table 7. Appropriations committees have always, with one exception in 1980, appropriated within resolution targets. Adherence to defense totals in budget resolutions strongly affirms the dominance of budget committees over other defense committees. The consequence of that dominance, however, also results in increased conflict and tension in the budget process. Lester points out the tension permeating committee politics:

There is a great deal of tension between Budget and Armed Services. Armed Services resents the assumptions when they are the subject matter experts, not Budget. Budget's numbers are political; the numbers are the Speaker's call, basically. It is all very political.¹²⁷

Conflict over the fiscal year 1989 defense budget further demonstrates the growing influence of budget committees. The overall budget targets were largely determined by the budget summit agreement between Congress and the president. The House Budget Committee's totals adhered to the floor and ceiling targets for Defense. The House Budget Committee proposed a 3% percent pay increase for military personnel and civilian employees. However, authorizers in the Armed Services Subcommittee on Military

¹²⁵Lester, 111.

¹²⁶Interview with an Appropriations Subcommittee staff member, 28 March 1996.

¹²⁷Lester, 112.

Personnel and Compensation proposed a 4% increase, favoring the president's higher request for a 4.5% pay increase. Then-Budget Committee Chairman William Gray of Oklahoma threatened to raise a point of order on the House floor, claiming the 4% proposal would constitute a new entitlement, and exceed targets in the budget resolution. Gray used the point of order as an instrument to successfully enforce the budget resolution, and secure the dominance of his committee over budget totals for defense.

The Senate Armed Services Committee also frequently differs with the Senate Budget Committee. In the 1991 Defense Authorization Bill report, authorizers called the budget committee's defense numbers "unacceptable." A full page of the report was devoted to listing of specific objections to the Budget Committee's economic and policy assumptions, including excessive reductions in readiness accounts."¹²⁸ These examples demonstrate the conflict between appropriators and authorizers. They suggest budget committees do influence defense budgeting. If true, then the Department of Defense needs to study the conflict between appropriators and budgeters, and provide the needed information to all parties so that the interests of the Department of Defense are known to all players affecting the budget process.

On the other hand, some officials contend that budget committees are practically irrelevant to the budget process and the Department of Defense.¹²⁹ At first, to reach consensus among more powerful committees, budget committees were accommodating to the wishes of authorizers and appropriators. Allen Schick points out that they did not become relevant until the Gramm-Rudman-Hollings Act of 1985. Others argue that the

¹²⁸Lester, 114.

¹²⁹Interview conducted by the author with Pentagon budget officials, 27 March 1996.

Budget Enforcement Act (BEA) of 1990 significantly decreased the role of budget committees:

It is hard to find a committee whose responsibilities have been further diminished by BEA than the two budget committees. There are no priorities to be determined, no deficit reduction packages to be compiled, and it will be OMB's estimates that will hold the most weight as the process is implemented.¹³⁰

According to one professional staff member, "Budgeting summits, between Congress and the president, limit the authority and responsibility of the budget committees. The BEA has also diminished their authority."¹³¹ The Budget Enforcement Act of 1990 made budget resolutions somewhat unnecessary in fiscal years 1992 and 1993. Both authorizing and appropriating committees recognized they could not exceed the targets set by the president's budget request. The president's budget request totals became the new ceilings. This conclusion is strengthened by Rep. Bill Gradison, then-ranking minority member on the House Budget Committee:

The budget committee has to be looking toward the day when the five-year agreement is re-examined and do all in its power so that it is viewed as relevant at that future time...Last year, the Budget Committees became irrelevant. They were bypassed by the summit.¹³²

In the Senate, similar opinions were voiced by Senator J. Bennit Johnson of Louisiana, a member of the Senate Budget Committee, who reminded fellow members that:

...Beyond the binding overall numbers, the recommendations of the Budget Committee were worthless, and implied that appropriators don't even know what we do.¹³³

¹³⁰Stanley E. Collender, The Guide to the Federal Budget: Fiscal Year 1991 (Washington D.C.: The Urban Institute Press, 1990) 28-29.

¹³¹Interview with an Appropriations Committee staff member, 28 March 1996.

¹³²Ibid.

¹³³Lester 115

House Budget Committee Chairman Leon Panetta, countered the argument, suggesting that budget resolutions remained relevant by proving that government can do its job, reaffirming the validity of the summit agreement, and launching the debate on domestic priorities.¹³⁴ The question then remains: Are the Senate and House Budget Committees relevant to the interests of the Department of Defense? Further study of other committees well help define the answer.

¹³⁴Lester 116.

Chapter 7

The Cardinals of Capitol Hill

Historically, the Appropriations Committees have been the most powerful and influential committees in Congress. Throughout most of history, they have controlled the purse strings of the nation. Not only did they determine how much would be spent for defense, they also determined how the funds would be spent. To understand defense budgeting one must understand the role of appropriators. Many defense budget experts insist the appropriations committees are the most influential committees.¹³⁵ The following sections will help define their role, the key players, and their impact on the budgetary process.

Department of Defense budget authority is provided by the annual Defense and Military Construction Appropriations Bills. The Defense and Military Construction Appropriations Subcommittees draft the bills under the supervision of two of the thirteen so-called Cardinals of Capitol Hill. Long believed to be the “guardians of the treasury,” appropriators, over the past three decades, have relinquished the title. Submitting to the pressures of the budget dilemma described in Part I, members of Congress who refuse to increase taxes or cut entitlement programs now look to appropriations bills for deficit reduction. Unequivocally, appropriators have almost complete control over the allocation of Department of Defense funds to specific programs. Appropriators decide which programs to fund and which to cut. However, they are limited in their ability to spend beyond targets set in budget resolutions, developed by budget committees.

¹³⁵ An observation drawn from several interviews conducted with officials in the Department of Defense.

In the Senate, Ted Stevens of Alaska chairs the Defense Appropriations Subcommittee and Conrad Burns of Montana chairs the Military Construction Appropriations Subcommittee. Senator Burns, who served in the Marine Corps from 1955 to 1957, is only a second term member of Congress. Senator Stevens is a seasoned veteran of the Senate and a staunch supporter of defense. Well into his fourth full term, he is now the third highest ranking member in the Senate. He uses his seniority and strong-willed personality to establish his committee as an independent voice on military programs.¹³⁶ None of the appropriations committees have been less influenced by the Republican takeover than the Defense subcommittee in the Senate. The chairman and the ranking minority member, Senator Daniel K. Inouye of Hawaii, have strong bi-partisan leadership skills and remain avid defense hawks. Both are seasoned practitioners of the collegial style of brokering that has been a hallmark of the appropriations process in the Senate. Both are veterans of World War II.: Stevens a pilot in China; Inouye a highly decorated foot soldier, who lost his arm in Italy. Both worry that President Clinton is contracting the defense department too fast in a post-Cold War world. Stevens sees a broader challenge in the public's willingness to shift funds from defense to domestic in a world without the Soviet Union.¹³⁷

Chairman Stevens' actions have frequently drawn the criticism of both authorizing committees and the traditionally more powerful House Appropriations Defense Subcommittee. During consideration of the fiscal year 1994 Defense Appropriations Bill, Chairman Stevens stated: "I did not spend now almost 25 years on the Senate

¹³⁶Duncan and Lawrence, 29.

¹³⁷Duncan and Lawrence, 28 and 368.

Appropriations Committee to be entirely governed by the whims of the authorizations committee. The defense budget is not going to be robust...so we have got to get it right.”¹³⁸ To Senator Stevens, “getting it right” meant protecting the interests of Alaska.

Hedrick Smith aptly described one of Steven’s more obvious power plays in 1984:

But the Army did not reckon properly on Ted Stevens, a Pentagon power game-player, and probably the Senate’s most influential voice on military spending. Repeatedly, he has worked billions cut by others back into the defense budget. Stevens wanted the Army’s new light infantry division for Alaska. When he heard it was going to New York, he was outraged; he pressed Alaska’s case with Weinberger....Within no time the Army brass was talking about the need to provide for “theater defense,” or regional protection, of Alaska and the Aleutian Island chain...just a few weeks before the 1984 elections, the Army announced it was forming not one but two new light divisions, one for New York and one for Alaska.¹³⁹

The chairman of the appropriations committee usually gets what he wants. During the 1996 Navy Posture hearing before the Senate Defense Appropriations Subcommittee, Chairman Stevens requested that the Secretary of the Navy investigate the possibility of allowing private corporations to use the naval base at Adak, Alaska before the Navy pulls out as part of the Base Realignment and Closure review. It is likely this request will also be honored.¹⁴⁰

The Senate Defense and Military Construction Appropriations Subcommittees frequently act as “courts of appeal” for the Department of Defense. By tradition, they act after the House marks-up their appropriations bills. The Department of Defense can then informally approach the Senate Appropriations Subcommittees to counter implications of House action that may be detrimental to defense. The formal rules allows for appeals to

¹³⁸Ibid.

¹³⁹Smith, 184.

¹⁴⁰Congress, Senate, Subcommittee on Defense Appropriations, “1996 Navy Posture Statement before the Committee,” Written Notes by author, 27 March 1996, Washington D.C..

restore funds after the appropriations bills have been passed by both chambers. However, the probability of the DoD influencing Senate and House action after passage of individual resolutions is low.

The Defense Appropriations Subcommittees in the House of Representatives are considered far more dominant in defense budgeting.¹⁴¹ The Senate typically accepts at face value close to 60 percent of the House's changes to the president's budget.¹⁴² Reflecting on this observation, one could infer the Department of Defense relies on the Senate to temper the enthusiasm of the House. The observation, however, does not imply, that the Senate subcommittees strictly limit their perspective to only those issues covered by the House.

In the House of Representatives, Rep. C.W. Bill Young of Florida chairs the Appropriations Subcommittee on Defense. Young, a trailblazing conservative Republican in the 1960's is now in his 13th term in the House, and is the junior member of the foursome of defense appropriators. Appointed by the Speaker of the House, soon after the 1994 election, Young served on the ten member panel that organized the transfer of power from the Democrats. Although he was bypassed for selection to the Appropriations Committee Chair, in favor of Livingston, Young was consoled with appointment as chair of the Defense Subcommittee. In early 1995, Young joined forces with Livingston and Spence to propose the largest possible add-on to president Clinton's defense budget request. Young has been a staunch supporter of the Department of Defense against potential cuts in funding.

¹⁴¹Lester, 103 and Arnold Kanter, "Congress and the Defense Budget: 1960-1970" American Political Science Association, v. 66, No. 1 March 1972 130-140.

¹⁴²Lester, 103

With impeccable Republican credentials, Barbara F. Vucanavich chairs the Military Construction Appropriations Subcommittee and holds the most junior leadership position, the Republican Conference Secretary. The daughter of an Army general and the mother of a Vietnam veteran, Vucanavich plays an instrumental role in how the government spends approximately \$10 billion on military installations throughout the country.¹⁴³

Appropriations committees abide by defense totals in the budget resolution. One study showed that between 1983 and 1987, the cumulative difference, between the totals in the president's budget request and the appropriated totals over the five year period was \$27.2 billion, or under 2% of the \$1.4 trillion that the budget resolutions would have allowed.¹⁴⁴ As illustrated by Table 7, from 1977 to 1995, with only one exception, appropriators remained within the targets set by annual budget resolutions. The only exception occurred during the first year of the Reagan administration. From 1977 to 1995, a time-span of 18 years, the cumulative difference was \$43 billion, or under 1% of the \$4.6 trillion that the budget resolutions would have allowed.

Undoubtedly, appropriators continue to play a vital role in the budget process. This research does not contest that assumption. However, the Defense Appropriations Subcommittees are bounded by the totals set forth in the budget resolution. This was not the case before the 1974 Budget Act. During years of significantly more conflict in the budget process, appropriators may leverage more influence through their role in budget summits vis-à-vis the budgeters. The degree of influence, however, is difficult to gauge.

¹⁴³Duncan and Lawrence, 803.

¹⁴⁴Lester, 128.

Analysis of the budget totals, however, does not suggest a growth in appropriator's power over the process.

Table 7
Congressional Action on Annual National Defense Budget Requests
(budget authority in millions of current year dollars)

Fiscal Year	Amended Request	First Congressional Budget Resolution	Enacted Appropriations	Later Adjustments	Final Budget Authority
1977	114,842	112,500	112,046	(1,896)	110,150
1978	120,079	118,500	117,392	(165)	117,227
1979	128,412	128,700	125,708	759	126,467
1980	141,010	136,600	139,719	4,140	143,859
1981	164,577	171,300	169,649	10,352	180,001
1982	226,255	226,300	224,424	(7877)	216,547
1983	263,417	253,566	240,274	4,769	245,043
1984	275,609	268,600	263,104	2,056	265,160
1985	313,375	292,900	292,386	2,270	294,656
1986	322,205	302,500	296,925	(7,778)	289,147
1987	320,340	292,150	289,663	(2,236)	287,427
1988	311,968	296,000	294,703	(2,695)	292,008
1989	299,529	299,500	299,227	340	299,567
1990	305,508	305,500	303,886	(623)	303,263
1991	306,857	288,300	288,258	15,316	303,574
1992	290,820	290,800	290,183	4,887	295,070
1993	280,974	277,400	273,849	(1,081)	272,768
1994	263,363	263,400	261,545	1,755	263,300
1995	263,665	263,800	262,416	1,072	263,488
1996	257,755	264,700	264,423	?	?

Source: Department of Defense Comptroller, National Defense Budget Estimates, annual editions from 1979 through 1995.

Later Adjustments include supplemental appropriations, rescissions, transfers, and sequesters.

Of all the defense committees affected by the growth in budget committee power, the two that have experienced the greatest degree of change are the Senate Armed Services Committee and the House National Security Committee. Their influence in the budget process has steadily declined since 1974. The most visible tension between congressional committees is that which exists between authorizers and appropriators.

However, tension and conflict is also present between authorizers and budgeters. The following sections describe that tension and their implications for defense.

Chapter 8

The Relevance of Authorizers

Defense Authorizing committees authorize the budget and activity of the Department of Defense. In theory, after the president's budget is submitted and the budget resolution is passed by the budget committees, the Senate Armed Services Committee and the House National Security Committee begin their budgeting process. Committee members and staff review the budget justification books accompanying the president's request and hold hearings. The legislative process begins with a drafting of a chairman's mark. The markup is a term used to describe the process of literally changing the chairman's initial legislative proposal to accommodate the interests of other members in the committee.¹⁴⁵ Committee members offer amendments to the bill during a mark up session. They then vote on whether to approve the bill, and send it forward to the full House or Senate vote.

Congressional micromanagement of the Department of Defense has increased in the authorizing committees. Until the early 1970s, authorizing committees focused primarily on broad defense policy and programs. Detailed program funding was left to the Defense Appropriations Subcommittees. During the past thirty years, the extent of line items in authorization bills has grown. Lester shows that during the 91st Congress (1969-1970), only 12% of legislation pending before the House Armed Services Committee was

¹⁴⁵See Stockton, 251, Stockton suggests there are three methods in which chairpersons arbitrate markups. The first is project aggregation, whereby a chair bargains for votes by adapting member line item changes. The second method is cut aggregation, whereby the chair solicits support by calling for cuts in certain programs favored by members. The third method is strategizing which results in coalitions between members.

referred to subcommittee. In 1980, nearly 99% of legislation went before the subcommittees.¹⁴⁶ This increase reflects the growing involvement, by numerous subcommittees, in micro-managing the Department of Defense. The power and influence of subcommittee chairmen, as well as that of more junior members of Congress has increased the level of congressional activity on defense issues. Today, a significantly greater number of members are able to influence the Department of Defense, on budgetary or policy matters. Some view this phenomenon as beneficial for Defense. Others claim excessive oversight and line item management of defense programs results in excessive time spent on budgeting, and insufficient time devoted to policy analysis. While both arguments are--to some extent--accurate and valid, the only observation the author desires to make is that authorizing committees, over the past several decades, have viewed line-item budgeting as a vehicle to influence overall defense policy. Put simply, the authorizers want to appropriate. This view is frequently evident in the actions of senior congressional leaders.

The Senate Armed Services Committee is presently chaired by the 93 year old Strom Thurmond of South Carolina. He entered the 104th Congress as one of the most tenacious advocates for a strong national defense, yet found himself fighting to retain control of the House Armed Services Committee. Many senior GOP leaders argue that Thurmond is too old to effectively chair one of the most powerful committees in Congress.¹⁴⁷

Much about the flap remained unspoken, if not unseen. Thurmond was indeed showing his age, questioning witnesses off of index cards prepared by his staff, often unable to hear the answers and not always clear about

¹⁴⁶Ibid., 95.

¹⁴⁷Duncan and Lawrence, 1180.

who would speak next. Some Republicans complained quietly that Thurmond was missing opportunities to score points against President Clinton on defense.

The task to protect defense from deficit hawks has indeed demonstrated to be a daunting task, at the very least. Thurmond remains a staunch opponent of further defense cuts. In early February 1995, Thurmond claimed: "I find it unconscionable that in three years the president will have cut defense by over 11 percent after stating in his 1994 State of the Union address that defense should not be cut anymore."¹⁴⁸ When Clinton proposed an additional defense cut with his \$261.4 billion request for fiscal year 1996, Thurmond pushed his committee for a \$12.5 billion increase in defense spending, simply to keep pace with the rate of inflation.

The chairman of the House National Security Committee, Rep. Floyd Spence of South Carolina, also supports increased funding for defense. Rep. Spence, a 13 term member of Congress, upon ascending to the chairman, claimed he "will be working to reverse the past two years of neglect of our nation's military."¹⁴⁹ Spence is particularly concerned that the military is being underbudgeted and overcommitted around the globe. The ranking minority member, Ronald Dellums of California, and Spence are diametrically opposed in their ideology over defense issues. Dellums believes defense needs to be further cut in order to divert funds for domestic programs.

¹⁴⁸Ibid.

¹⁴⁹Duncan and Lawrence, 1188.

One other argument that should be made in the context of this discussion is that defense critics frequently argue that authorizing committees are less likely to provide the warranted level of oversight over the Department of Defense.¹⁵⁰ They suggest the relationship between the Armed Services Committees and the Pentagon has been a comfortable one, benefiting both members and the Department of Defense. Accordingly, one defense analyst finds that:

For decades, the Armed Services committees in both houses, along with the appropriations subcommittees that oversee military spending, have been the Pentagon's staunchest partisans. These committees are more promilitary than Congress as a whole, though in recent years they have been infiltrated by a few Pentagon critics.¹⁵¹

Benevolence on the part of members, however, is not always representative of the committee's alleged historical role in Congress. Representative Ron Dellums, the former chairman of the House National Security Committee, during the 103rd Congress, has been a vocal critic of the Department of Defense and frequently micro-managed the department. However, oversight of the Pentagon's activities, is the primary responsibility of the committee. The Committee noted in the fiscal year 1992/1993 National Defense Authorization report that the bill:

results from extensive hearings into virtually all aspects of the national defense establishment. These hearings and the resulting legislation, therefore, provide the focus for a substantial portion of the committee's oversight responsibility for national security.¹⁵²

Lester suggests authorizing committees play a far more significant role in influencing budgets, than is normally suggested. He acknowledges their role in adjusting end strength

¹⁵⁰Lester, 98.

¹⁵¹Smith, 177.

¹⁵²Lester, 99

levels for personnel and authorizations, and for other matters such as military pay raises, bonuses, relocation of personnel costs, education programs; as well as issues dealing with hospitals, day care, office space, and so forth. While the committees do not set funding levels, they do grant authority that serves to guide funding decisions by appropriators. The level of detailed attention, given by the committee, to specific program decisions is significant. These suggestions lead one to believe that authorizers have considerable influence over decisions made by appropriators.¹⁵³ Elrod disagrees with this conclusion. As the Senior Minority Director on the House National Security Staff, she questions the relevance of authorizers in today's budget debates.¹⁵⁴ Elrod believes authorizers have become less relevant to the budget process in comparison to budgeters and appropriators, citing that during fiscal year 1996, appropriators appropriated nearly one-half of that requested by the authorizing committees. If the authorizers exceed the targets set by the resolution, they simply become irrelevant to the debate. In the end, the appropriators determine how the funds will be spent, while the budgeters determine how much will be spent.

Much of the debate in who yields the greatest power and influence over the budget process is actually dictated by the existing social, political, and economic conditions. The Department of Defense is impacted by a congressional struggle for resources. The previous three chapters have highlighted the roles of key players in this process. Namely, the party leaders, budget committees, appropriations committees, and authorizing

¹⁵³Alissa Rubin, *New Directions in Budget Theory* (Albany, N.Y.: Sunny Press, 1988) 124-125.

¹⁵⁴Elrod, interview with the author, 29 March 1996.

committees. Chapter 9 summarizes the congressional struggle for resources that characterizes the 1990's, and the implication for the Department of Defense.

Chapter 9

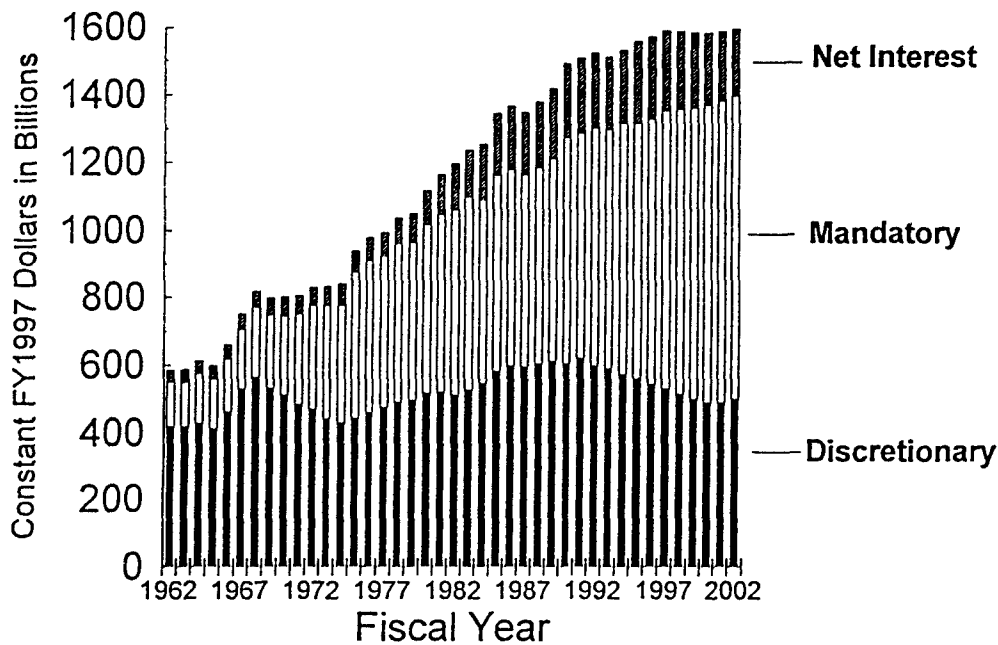
The Congressional Struggle for Resources:

The Implication for Defense

Defense budgeting is a political process. Like all politics it is driven by political and economic forces that demand compromise and consensus among competing national interests. It is the responsibility of congressional leaders and the budget committees to contrast and balance these competing interests. In today's constrained fiscal environment, Defense committees and the Department of Defense are disadvantaged by seemingly uncontrollable annual budget deficits that contribute to an escalating national debt. The implications of nearly four decades of uncontrollable spending are placing critical budgetary limitations on the Department of Defense. As mandatory spending and net interest on the national debt continues to grow, as illustrated by Figure 2, the financial resources available for discretionary spending declines. Because defense spending constitutes the largest category within the discretionary account, it also becomes the biggest target for potential cuts. Members of Congress seek cuts in defense spending to either reduce the deficit, or fund mandatory and domestic spending, or both. Economists argue that reductions in defense to reduce the deficit will ultimately advantage the economy and defense. By reducing the deficit, the national debt will eventually decline. A decline in the debt theoretically results in less interest paid on the national debt, and more funds available for future spending. Everyone should benefit. There is an obvious point to be made in this discussion: this is obviously a long term strategy. However, the budgeting

dilemma forces members of Congress to seek short-term strategies that achieve nearly instantaneous political advantage. The primacy of politics over policy results in members of Congress viewing the defense budget as a domestic jobs program. Their behavior may not be rational; but, it also is not unreasonable. The implication for defense is sometimes good, and sometime bad. The congressional debate over base closures in one example that prevents the Department of Defense from executing favorable policy---that is---closing bases that are no longer required. On the other hand, the department could benefit from increased funding for B2 bombers or Seawolf submarines. Again, the outcome of legislative action often depends on time and circumstance.

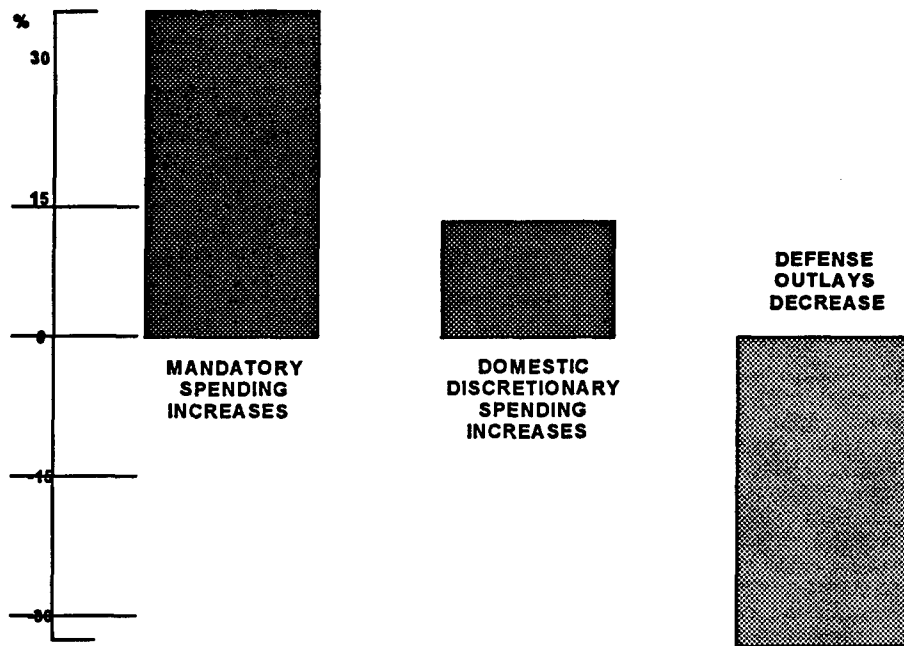
Figure 2
Total Federal Outlays
FY1962-2002



*FY1997-2002, Administration projection.

Source: Congressional Research Service, Steven Daggett, 20 March 1996.

Figure 3
Domestic Discretionary, Defense and Mandatory Outlays
Cumulative Real Changes FY 1990-FY 1999

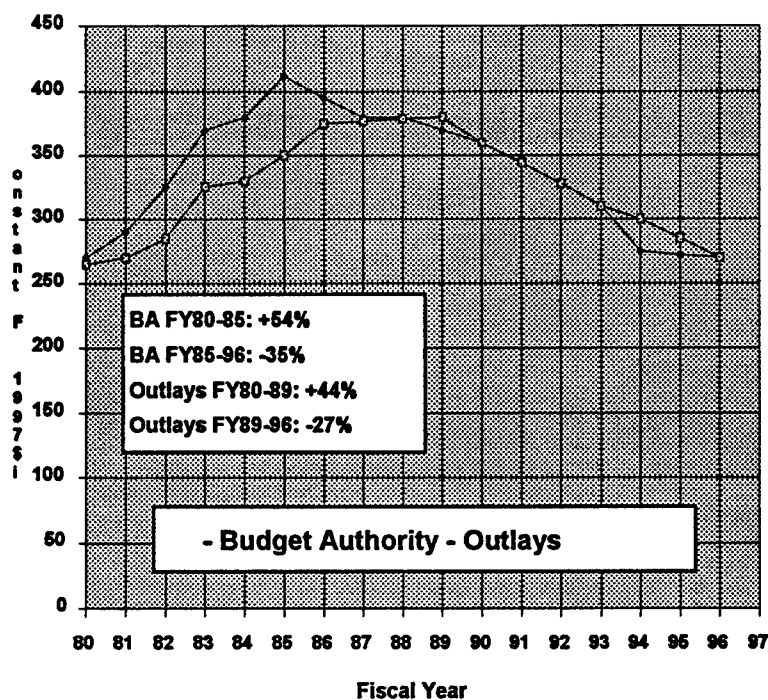


Source: Congressional Research Service, Steven Daggett, 20 March 1996.

However, the debate over defense cuts usually centers on how those resources are later utilized. As shown by Figure 3, as defense spending decreases, mandatory and domestic discretionary spending continue to grow. The implications for the Department of Defense have been catastrophic over the past decade.

Estimates by the Congressional Research Service indicate that between 1985 and 1996, defense budget authority has decreased by nearly 35%. Since 1979, outlays have been reduced by 27%. Pentagon projections indicate that total real outlays between fiscal year 1989 to 1999 could amount to an overall drop in outlays of \$137 billion or 37%. These estimates are reflected in Figure 4.

Figure 4
National Defense Budget Authority and Outlays for fiscal years 1980-1996

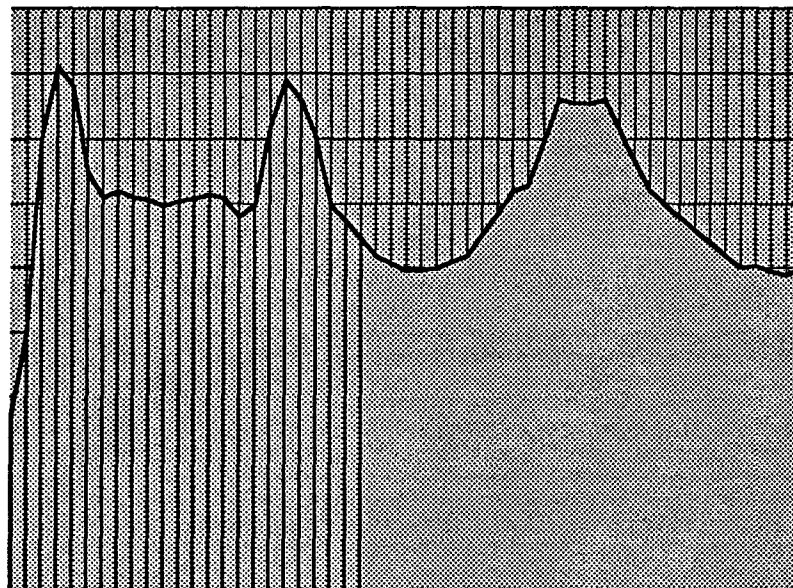


* Excludes Desert Shield/Desert Storm costs and receipts.

Source: Congressional Research Service, Steven Daggett, 20 March 1996.

Figure 5 illustrates the trend in national defense outlays.

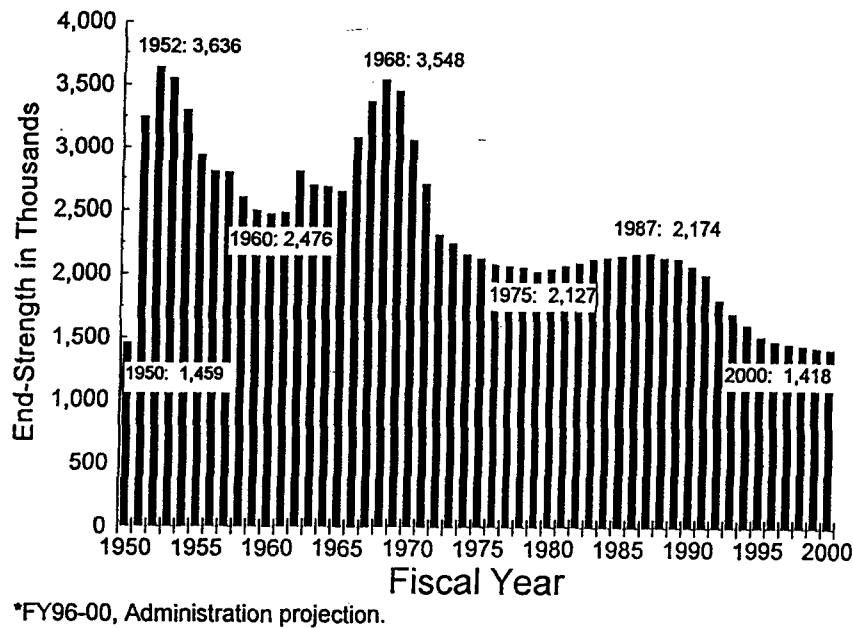
Figure 5.
National Defense Outlays
(Constant FY 1997 \$ in Billions)



Source: Congressional Research Service, Steven Daggett, 20 March 1996.

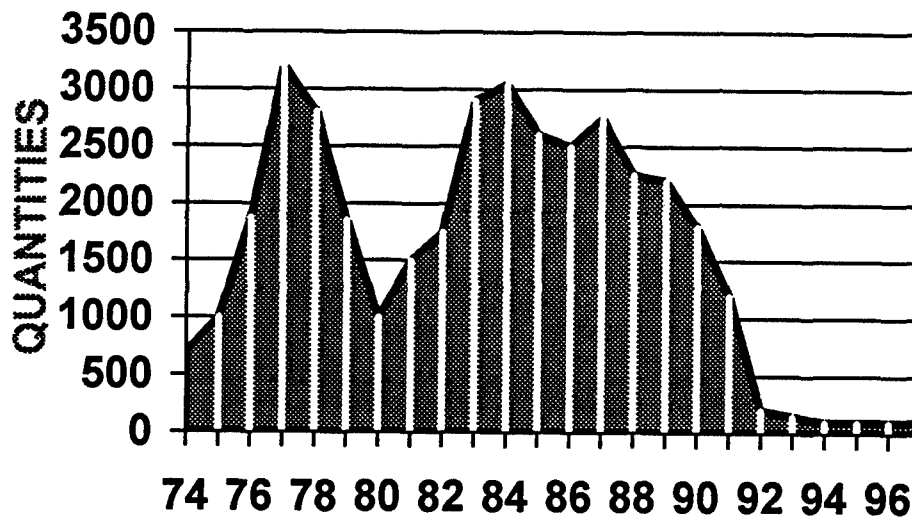
Over the past several years, cuts in the defense budget have primarily reduced the U.S. military force structure and slowed the pace of weapons modernization. Weapons acquisition accounts have also been dramatically reduced since 1985. Adjusted for inflation, procurement funding has decreased by 71% since fiscal year 1985. These trends are reflected by Figures 6-10.

Figure 6
Active Duty End-Strength (FY1950-2000)



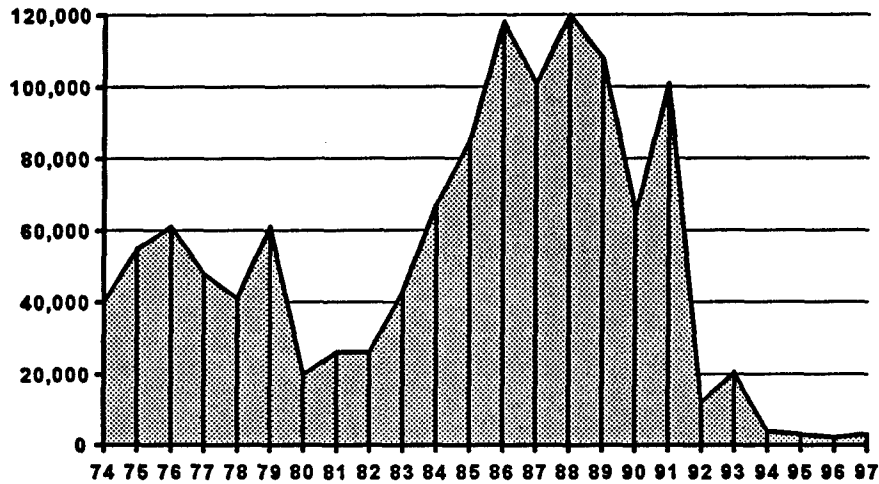
Source: Total Quantities and Unit Procurement Cost Tables 1974-1995 CBO

Figure 7
Tank Procurement
(1974-1997)



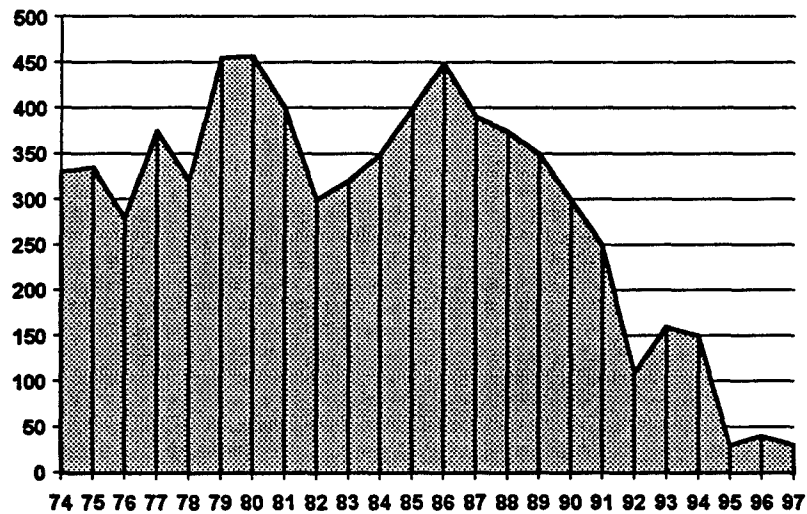
Source: Total Quantities and Unit Procurement Cost Tables 1974-1995 CBO

Figure 8
Missile Procurement (1974-1997)



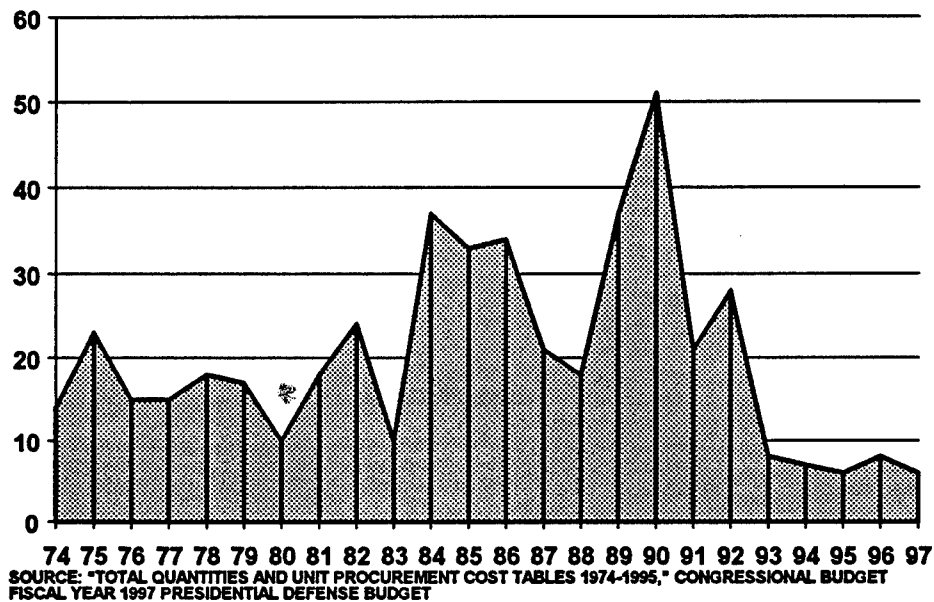
Source: Total Quantities and Unit Procurement Cost Tables 1974-1995 CBO

Figure 9
Tactical Aircraft Procurement (1974-1997)



Source: Total Quantities and Unit Procurement Cost Tables 1974-1995 CBO

Figure 10
Ship Procurement
(1974-1997)
 Quantity as shown on Y-axis



Secretary Perry, has testified that the future readiness of the military force structure depends on increases in defense funding to permit weapons modernization over the next six years. Now that the most recent personnel drawdown is expected to have been completed, it is expected that equipment currently in use will start to age, again, increasing the need to recapitalize the force. Fiscal year 1996-2001 budget plans reflect the increased emphasis on recapitalization of the force.

Table 8. indicates projected changes in the overall military force structure.

Table 8
Bottom-Up Review Force Structure

	Cold War Base 1990	Bush's Base Force	Planned Level End of FY1996	Bottom-Up Review Goal
Army				
Active Divisions	18	12	10	10
Reserve Brigades	57	34	47	42
Active End Strength (in thousands)	751	522	495	495
Marine Corps				
Active Divisions	3	3	3	3
Reserve Divisions	1	1	1	1
Active End Strength (in thousands)	197	159	174	174
Navy				
Battle Force Ships	546	430	365	346
Aircraft Carriers				
Active	15	13	11	11
Reserve	1		1	1
Active End Strength (in thousands)	583	489	428	395
Air Force				
Active Fighter Wings	24	15.3	13	13
Reserve Fighter Wings	12	11.3	7	7
Active End Strength (in thousands)	539	400	388	382
Total Active End-Strength (in thousands)	2,070	1,570	1,485	1,445

Source: Dept. of Defense. Bush Administration "Base Force" data are from DoD Jan., 1993.

Budget action during the 104th Congress indicates a commitment by both Congress, and the president to reduce the deficit and reach a balanced budget by the year 2002. President Clinton has indicated his general support for a balanced budget, but

insisted on major changes to Congress's proposed tax cuts, and spending reductions in medical entitlements, education, and the environment.

There are generally two major budget battles being waged that impact the Department of Defense. The first is between Democrats and Republicans to determine the balance between defense and domestic spending. The second battle is between so-called "deficit hawks" and "defense hawks" in the Republican party. Both battles will have a lasting impact on defense spending levels over the next decade.

The administration's priorities are to safeguard military readiness, providing adequate funds for operational training, equipment maintenance, and base operations.¹⁵⁵ Secretary Perry has also expressed his concerns regarding the department's ability to obtain supplemental appropriations for contingency operations, such as those in Rwanda and Haiti. Intermediate readiness is to be protected by implementing quality of life improvements and assuring issues such as future pay increases are fully funded. Finally, long-term readiness is to be improved by funding weapons modernization and procurement accounts, as needed over the next six years.

However, interviews conducted with Armed Forces Authorizing Committee staff members indicate: President Clinton's fiscal year 1997 budget request does not reflect a strong commitment to national defense.¹⁵⁶ President Clinton has called for \$254.4 billion in budget authority for national defense. The Senate Armed Services committee has suggested that the president's request should be ignored as the basis for next year's

¹⁵⁵Stephen Daggett, "Defense Budget for FY 1996: Major Issues and Congressional Action", CRS Issue Brief, Feb. 6, 1996.

¹⁵⁶Interview conducted by the author with staff member on the Senate Armed Service Committee, 25 March 1996, Washington D.C..

budget. In its place, they recommend that the budget committees use the \$264.4 billion total, appropriated in fiscal year 1996. Estimates provided by the Congressional Budget Office predict \$273 billion will be needed to maintain defense funding at last year's level. The CBO estimates that President Clinton's defense budget cuts defense \$18.6 billion, in real terms, from the 1996 appropriated amount.

Interestingly, once again, there are marked differences between the Congressional Budget Office and the Office of Management and Budget's estimates of inflation over the next six years. CBO is using an inflation rate of 3.2%, while OMB uses 2.5%. If one applies OMB's estimated inflation rate to the defense proposal, it still amounts to \$16.6 billion below the fiscal year 1996 level of funding. Miscalculation for inflation usually result in readiness problems later on when unexpected contingencies develop.

The budget debate continues as both Republicans and Democrats, budget hawks and deficit hawks struggle to reach the proper balance for the Department of Defense. In a presidential election year, the process is further complicated by the rhetorical debate inherent in presidential campaigns. There are however, several general observations that merit mention. First, deficit reduction as a national priority will shrink future defense budgets. As politicians struggle to reduce the deficit and balance the budget, all other sources of potential discretionary spending cuts will be further reduced. One of the central underlying causes of cuts to Defense is the fact that mandatory spending cuts to entitlement programs are difficult to implement. The existing debate over slowing the growth rate of Medicare and Medicaid programs highlights the sensitivity of those issues with the American people. Cuts in Defense do not draw the attention nor raise the same level of consciousness in the American public. Therefore, defense cuts will continue irrespective of the existing rhetorical presidential debate. Balancing the budget will overshadow the congressional struggle for resources.

Secondly, within this congressional struggle for resources the congressional budget committees will likely continue to play an important role. As Congress's committees for budget negotiation, the budget committees will continue to manage the budget process and lead the debate over aggregate spending for Defense. They will not, however, diminish the authority of appropriators to determine how defense funds are allocated.

Lastly, it will become increasingly important for the Department of Defense to ensure defense requirements for the future are well documented and more importantly framed within the context of the congressional struggle for resources. Budgeters must recognize the needed aggregate totals for defense to execute its assigned missions. The Appropriators and authorizers must have the information needed to determine how those resources should be allocated. It is the responsibility of the Department of Defense to ensure Congress responds accordingly.

Chapter 10

Summary and Conclusion

Why should we care about the role of budget committees and their impact on the Department of Defense?

Historically, the Appropriations and the Authorizations Committees had the greatest impact over matters of defense. Indeed, throughout most of our nation's budgetary history, these committees have adequately funded defense strategy and force planning. During times of national crisis, they have met the call. During times of peace, they have compromised defense spending to meet the larger goals of balanced budgets and economic growth. The depression of the 1930's served as a catalyst for change in economic theory and the expectations of Americans. Keynesian economic theory forever expanded the fundamental purpose and scope of government. And yet, conservative committees in Congress continued to balance budgets. However, the system collapsed as society's growing expectations of government exceeded the capacity to provide those services. The national debt grew as deficits became a fixture in the economy.

By 1974, the debate over the economy, and more importantly the perceived abuse of presidential authority by President Nixon drove Congress to regain the reins of the federal budget process. The Senate and House Budget Committees were created to bring stability to the process. Presidents and Congresses want balanced budgets. But, balanced budgets, however, imply reduced government services, which Americans have grown fond

of. How can politicians reduce spending without cutting services? Here lies the dilemma that permeates the current political-economic debate. In practice, they can not, unless the country again experiences vast economic growth representative of the post-World War II era. Since the possibility of this reoccurrence is not likely, given recent economic trends, the congressional struggle for resources has intensified. As mandatory spending increases, discretionary spending decreases. As discretionary spending decreases, so does funding for Defense. As future funding decreases, it is likely the House and Senate Budget Committees will play a still greater role in the debate over matters of defense.

What is the Role of Budget Committees?

Today, the Senate and House Budget Committees lead the debate that determines the size and scope of the Department of Defense. Budget committees develop budget resolutions that dictate the purpose and scope of government. By setting the aggregate totals for defense spending, the budget committees influence the decisions of appropriators and authorizers. They enhance or limit the capacity of the Department of Defense to execute its missions in fulfillment of national security policy.

Yet, this research does not suggest that the budget committees fulfill this role in isolation of party leaders or other congressional committees. In fact, effective budget resolutions demand compromise among key players in the political process. Otherwise the budget process collapses, and budget committees lose their credibility.

To avoid becoming irrelevant, budgeters compromise to reach consensus over the congressional budget. The extent of compromise, however, is not always clear. Many

experts interviewed for this research, conclude that budget committees have become a political instrument for party leaders. Their observations imply that the budget committees do not function independently of party leaders. On the other hand, there are many examples which indicate that individual members of budget committees, and at times, the entire committee, has functioned to oppose or alter the expectations of party leaders. As often happens in politics, the outcome depends on timing and the consequence of conflicting political forces. Regardless of their loyalty to party leaders, which is most likely the case, members of budget committees will continue to play a vital role, either as members of the committee, or as individuals participating in budget summits within Congress or between Congress and the president.

The rise in power of budget committees has usurped the power and influence of other congressional committees. Appropriators can allocate resources to defense, as they deem necessary. But, they can not exceed the limits set by the Senate and House Budget Committees. Appropriations Chairpersons can influence party leaders. But, they are frequently countered by the demands of Budget Committee Chairmen. Authorizers can authorize funds for defense, as they deem necessary. But, if they exceed the targets in the resolution, or authorize in excess of appropriations, they too become irrelevant to the budget process.

The Department of Defense must continue to aid the congressional decision-making process that dictates how funds are spent. Undoubtedly, to do so, Appropriations and Authorizing Committees must have the necessary information to fulfill those often conflicting requirements. This is an important function for the Department of Defense. It is also one that consumes most of the manpower and financial resources devoted to legislative liaison. However, the Department of Defense should also devote an equal amount of effort and resources to ensure the budget committees can answer the more significant question: "How much money is needed for the Department of Defense?" This last point is perhaps the most significant of all.

How can the Department of Defense influence the patterns of political behavior over the next decade?

There are generally two different views on how the Department of Defense can influence the decisions of Congress. The first strategy suggests that the Department of Defense is best served by continuing to respond to the requirements of authorizers and appropriators, not the budget committees.¹⁵⁷ The second strategy emphasizes placing more legislative liaison effort, of all types, towards meeting the requirements of the Senate and House Budget Committees. These strategies can be independently referred to as the direct and indirect approach to legislative liaison regarding defense budgeting.

The indirect approach assumes that the department's time would be ill spent because DoD can better influence the budget committees through members on

¹⁵⁷Interview conducted by the author with a long-serving Senate Authorizing Committee Staff Member, 29 March 1996, Washington D.C..

appropriations and authorization committees. To a large extent, this approach reflects the current strategy in DoD. However, it is necessary to question its effectiveness. If the authority of appropriators and authorizers, regarding defense totals, has been minimized, then it is necessary to influence members on the budget committee directly. Though budget committee members seem willing to compromise---to some extent---with other members of Congress, it is not clear how effective other members are in influencing the decisions of budget committees. Numerous interviews revealed that the formal "views and estimates," submitted to the budget committees by revenue, appropriations, and authorization committees, are to a large degree ignored. The effectiveness of congressional testimony before the budget committee is also questioned by many members of staff that were interviewed. It is understandable how appropriators and authorizers would prefer to continue receiving most of the attention extended by representatives of DoD.

The direct approach suggests the Department of Defense needs to invest more effort and manpower into responding to the needs of the budget committees, directly. The Department of Defense could assign additional resources to legislative liaison with budget committees. They could suggest direct liaison by senior Pentagon civilian and military officials. The Department of Defense should work with budget committees in Congress to ensure they have the needed information to develop defense budgets. In practice, both the direct and indirect approaches are needed to assist all congressional committees in shaping future defense budgets.

WORKS CITED

BOOKS

- Asbell, Bernard. The Senate Nobody Knows. New York: Doubleday Press, 1978.
- Barone, Michael. Our Country. New York: The Free Press, 1990.
- Fisher, Louis. Constitutional Conflicts between Congress and the President. Princeton: Princeton University Press, 1985.
- Collender, Stanley E. The Guide to the Federal Budget: Fiscal Year 1991. Washington D.C.: The Urban Institute Press, 1992.
- Davidson, Walter H., and Roger J. Oleszek. Congress and Its Members. Washington D.C.: Congressional Quarterly Press, 1994.
- Deering, Christopher J.. Congressional Politics. Pacific Groove, Calif.: Brooks/Cole Publishers, 1989.
- Duncan, Philip D., and Christine C. Lawrence. Politics in America 1996. Washington D.C.: Congressional Quarterly Press, 1995.
- Koch, Adrienne, and William Peder. The Life and Selected Writings of Thomas Jefferson. New York: Modern Library Press, 1944.
- Mills, J. S.. The Federalist Papers. Chicago: The University of Chicago Press, 1977.
- Penner, Rudolph G., and Alan J. Abramson. Broken Purse Strings: Congressional Budgeting, 1974-88. Washington D.C.: The Urban Institute Press, 1988.
- Peterson, Peter. Facing Up: How to Restore the Economy from Crushing Debt & Restore the American Dream. New York: Simon and Schuster Publishers, 1993.
- Rubin, Alissa. New Directions in Budget Theory. New York: Sunny Press, 1988.
- Schick, Allen. Congress and Money. Washington D.C.: The Urban Institute Press, 1980.

Schick, Allen. The Federal Budget: Politics, Policy, and Process. Washington D.C.: The Brookings Institute Press, 1995.

Smith, Hedrick. The Power Game. New York: Random House Press, 1988.

Thurber, James. Divided Democracy. Washington D.C.: Congressional Quarterly Press, 1991.

White, Joseph, and Aaron Wildavsky. The Deficit and the Public Interest: The Search for Responsible Budgeting in the 1980s. Berkely: University of California Press, 1989.

Wildavsky, Aaron. The New Politics of the Budgetary Process. Berkeley: Harper Collins Publishers, 1992.

Wilson, Woodrow. Congressional Government. New York: Mentor Books Publishers, 1954.

ARTICLES

Auster, Bruce B. "Help Yourself to Some Pork." U. S. News and World Report 29 (July 1995): 34.

Bullock, Charles. "The Finances of the United States from 1775-1789 with Special Reference to the Budget." Bulletin of the University of Wisconsin (1790): 1894-1896.

Congressional Quarterly, May 1995, s.v.
"Sumatra."

Kanter, Arnold. "Congress and the Defense Budget: 1960-1970." American Political Science Association 66 (March 1972): 130-140.

Stockton, Paul. "Beyond Micromanagement: Congressional Budgeting for a Post-Cold War Military." Political Science Quarterly 110 (November 1995): 24-30.

UNITED STATES GOVERNMENT DOCUMENTS

U.S. Congress. Senate. Subcommittee on Defense Appropriations. 1996 Navy Posture Statement, 104th Cong., 2nd. sess., 27 March 1996.

U.S. Congress. Senate. Committee on Armed Services. "Budget Request Cuts Defense," point paper by Larry Lanzillotta, staff member, 2nd. sess., 104th Cong, 15 April 1996.

U. S. Congress. House. Committee on the Budget. The Congressional Budget Process: A General Explanation, report, 96th Cong., 1st sess., 1981. Committee Print 7.

Congressional Budget Office (CBO). Budget of the United States Government, FY 1985. April 1985.

_____. Budget of the United States Government, FY 1985. April 1996.

_____. Total Quantities and Unit Procurement Cost Tables. 1974-1995.

Department of Defense Comptroller. National Defense Budget Estimates 1979-1995. 1979-1995.

Keith, Robert, and Edward Davis. Budget Process Changes Made in the 102nd-103rd Congresses (1991-1994). Washington, D.C.: Congressional Research Service, 1995. GOV 95-457.

_____. Budget Enforcement Act of 1990: Brief Summary. Washington D.C.: Congressional Research Service, 1990. GOV 90-520.

_____. Proposed Changes in the Discretionary Spending Limits and the Pay-As-You-Go Process. Washington, D.C.: Congressional Research Service, 1995. GOV 95-436.

UNPUBLISHED PAPERS

Lester, Lori D. "Congressional Budgeting for Defense: Theory, Process, and Outcome." Ph.D. diss., University of Oklahoma, 1993.

INTERVIEWS

Chartrand, Philip, Brookings Institute. Interview with the author, 28 March 1996, Washington D.C..

Daggett, Stephen, Congressional Research Service specialist in National Defense. Interview by author, 26 March 1996, Washington D.C.

Defense Appropriations Subcommittee Staff Member. Background Interview by author, 28 March 1996, Washington D.C..

Elrod, Marilyn, Minority Staff Director for the House National Security Committee. Interview with the author, 29 March 1996, Washington D.C..

Frantzich, Stephen, Chairman of the U. S. Naval Academy Political Science Department. Interview with the author, 28 March 1996, Washington D.C..

House National Security Professional Staff Member. Background Interview by author, 25 march 1996, Washington D.C..

Johnson, Dennis, Associate Dean of the George Washington University School of Political Management. Interview with the author, 27 March 1996, Washington D.C..

Legislative Liaison Official. Background Interview by author, 26 March 1996, Washington D.C..

Party Leader Professional Staff Member. Background Interview by author, 29 March 1996, Washington D.C..

Pentagon Budget Officials. Background Interview by author, 27 March 1996, Washington D.C..

Sauer, Ann E., Legislative Assistant to Senator McCain. Interview by author, 25 March 1996, Washington D.C.

Senate Authorizing Committee Staff Member. Background Interview by author, 29 March 1996, Washington D.C..